



The Indonesian Civil Society Coalition for the post-2015 Development Agenda produce this position paper as a proposal from civil society in Indonesia for the post-2015 development Agenda, especially on the following themes: Inequality, Health, Conflict and Social Vulnerability, Environment, Democracy and Good Governance and Development Financing.

This book is based on evidences in the fields and findings from civil society will be useful and be able to present different point of view so that it can be used as one of the sources in formulating and drafting the post-2015 Development Agenda for the eventual fulfillment of the basic rights of the citizen in Indonesia.

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INJUSTICE, GAP, AND INEQUALITY: Long Road To Post-2015 Sustainable Development



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## Long Road To Post-2015 Sustainable Development

Contributor: Indonesian Civil Society Coalition for Post-2015 Development Agenda

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**Injustice, Gap and Inequality: Long Road To Post-2015 Sustainable Development**

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## *Foreword*

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Millennium Development Goals (MDGs) as a long term world development agenda has been started in 2000 and will soon end in two more years in 2015. In 2012, the Secretary-General of the United Nations Ban Ki Moon has appointed three co-chairs: President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of the United Kingdom to draft post-MDGs Development Agenda. The three co-chairs will lead 23 High Level Panel Eminent Persons (HLPEP) which are composed of experts from all over the world in drafting the post-2015 Development Agenda.

This paper “Injustice, Gap and Inequality; Long Road to post-2015 Sustainable Development” is produced by the Civil Society Coalition for the post-2015 Development Agenda in the context of the fact that the Indonesian civil society have and will continue working on different fields for the purpose of supporting the eventual achievement of MDGs, as well as other sectors that are not necessarily directly related to MDGs, but very instrumental in the achievement of the MDGs in Indonesia.

In several Report on the Millennium Development



Goals (MDGs) issued, the Government of the Republic of Indonesia always claims that the millennium development efforts have been on the right track as we can see in the Report on the Achievement of the MDGs in 2004, 2004, 2009, 2010 and 2011. However, the reports of some international institutions often give “warning” to Indonesia. One of them is the Report of the UNESCAP 2006 which categorized Indonesia as one of 10 countries in Asia Pacific with “worrying” MDGs achievement. In the report of Human Development Report, the ranking of Indonesian Human Development Index was decreasing. In 2006, Indonesia was on ranking 107. Then in 2007-2008 it went down to ranking 109. In 2009 Indonesia was on ranking 111, but on 2010 it went up to ranking 108. However in 2011 it went down again to ranking 124. This figure indicates how difficult it is to achieve the MDGs in 2015.

In relation to the post-2015 Development Agenda, *Kemitraan* and INFID was mandated by the Presidential Working Unit on Development Monitoring and Control (UKP4) to be the convener in involving broader voice from civil society in Indonesia. As a follow up of such role, the Civil Society Coalition for the post-2015 Development Agenda produce this position paper as a proposal from civil society in Indonesia for the post-2015 development Agenda, especially on the following themes: Inequality, Health, Conflict and Social Vulnerability, Environment, Democracy and Good Governance and Development Financing.

This position paper is the result of the cooperation of many parties that I can't mention here. I would like to thank and give my high gratitude to all writers who have sacrificed their time, energy and thought for their best articles as the report of civil society.

I hope that this book, that is based on evidences in the fields and findings from civil society will be useful and be able to present different point of view so that it can be used as one of the sources in formulating and drafting the post-2015 Development Agenda for the eventual fulfillment of the basic rights of the citizen in Indonesia.

Jakarta, March 2013

**Wicaksono Sarosa, Ph.D**

Executive Director *Kemitraan*



# **Injustice, Gap and Inequality; Long Road to post-2015 Sustainable Development**

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## **Introduction**

In 2000, 198 states adopted a declaration on ranges of issues on security, human rights, including those related to development and environment that brought about eight targets of the Millennium Development Goals (MDGs). The MDGs is not a perfect agreement, but they give big impacts to the stated and world community, such as related to the improvement on access to education and health.<sup>1</sup> The MDGs is not perfect because the drafting processes do not really consider actual needs and problems faced by the community.

The MDGs is composed of eight main goals of developments, namely (1) Eradicating extreme poverty and hunger, (2) Achieving universal primary education, (3) Promoting gender equality and empowering women, (4) Reducing child mortality rates, (5) Improving maternal health, (6) Combating HIV/AIDS, malaria, and other diseases, (7) Ensuring environmental sustainability, and (8) Developing a global partnership for development.

International community has agreed to decide 2015

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<sup>1</sup> Heru Prasetyo, Deputy I of the Monitoring and Control of the Climate Change and Sustainable Development UKP4, delivered on Seminar and Film Screening of the WRI, December 2012

as the deadline for the MDGs with the main target of eradicating global poverty. That main target has been the priority of many governments, development institutions, donor agencies and other development actors since 2000. The United Nations Task Team for post-2015 has proposed a new road map to the post-2015 Development.

Almost all efforts made are aimed at collecting inputs for the drafting of the framework of the post-2015 global development to be adopted and implemented by all states. However, there is no concrete efforts in ensuring or pushing forward the same processes in country level that is in line with the framework of the post-2015 global development.<sup>2</sup>

In March 2013, Indonesia will host the High Level Panel (HLP) meeting. The output of the HLP will be the report to the Secretary-General of the United Nations who will later give recommendation on vision and form of the post-2015 Development Agenda. In writing the report, the HLP will consider the findings of the consultation activities coordinated by the United Nations. The HLP will be supported by independent team to be recruited through direct consultation with the three co-chairs of the Panel. The report will be delivered at the 68<sup>th</sup> Session of the UN

2 In July 2013, the Secretary-General of the United Nations set up a panel with 26 members ready to give inputs and advice on the post-2015 Development Agenda. The panelists are from government office, private sector academic community and civil society. They are there on their personal capacity. The Panel was co-chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of the United Kingdom. This panel was then called as the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP).

General Assembly in September 2013. The question now is; what kind of development model will be promoted by the Government of Indonesia within the scheme of the post-2015 Sustainable Development?

The decades of development processes in Indonesia shows that the model of development that Indonesia adopts is the exploitative and destructive model of development, which is based on giving concessions to corporations that often causes social conflicts.

This position paper is one of the advocacy materials of the Civil Society Coalition for the post-2015 Sustainable Development. The coalition will regularly campaign the issues to general public and different stakeholders and submit the results of the studies to the Presidential Working Unit on Development Monitoring and Control (UKP4) Indonesia and to the Co-Chair High Level Panel of Eminent Person (HLPEP) for post-2015 Development Agenda. It is in this body, the HLPEP that the President Susilo Bambang Yudhoyono of Indonesia along with Prime Minister David Cameron of the United Kingdom and President Ellen Johnson Sirleaf of Liberia sit as co-chair appointed by the Secretary-General of the United Nations.

So far, the Government of Indonesia always expresses its optimism on the achievement of development with quantitative indicators. The success in maintaining economic growth above 6% during the global financial crisis has been appreciated by international financial institutions as the

strength of the Indonesian fundamental economy. In the last two years, the level of investment has been the key word frequently mentioned by the Government of Indonesia as a proof of its development success. However, the picture of the success of the development does not reflect the reality.

The civil society could not find sufficient evidences which prove that inclusive and distributive growth has happened. The facts on the extreme increase of wealth of few people and extreme gap have made it imperative that there must be a change in development orientation. In all aspects and sectors of life of the people, what is obvious is the gap and inequality caused by the adopted development paradigm, poor governance and partial practice of democracy (procedural, transactional and elitist democracy).

Inequality is an evidence of the failure of the concept of development with growth orientation. All efforts and steps of development should be directed to eliminate this inequality. The civil society urges that the development with growth orientation should be diverted to sustainable development whose aim is to eliminate inequality.

Good governance is an important component in determining the achievement of the MDGs in national and local level. In a simple way, good governance is the management of government that upholds the principles of transparency, accountability and the rule of law in responsive and participatory way. The actualization of the principles of good governance will in the end guarantee

the effective governance that will expedite the process of achieving ultimate goal of the state, namely the people's welfare.

Good governance is also a form of the principle of people's sovereignty (from, by and for the people). For that reason, good governance should guarantee, protect and empower people's rights. In short, good governance is the primary condition for the achievement of MDGs in Indonesia which is categorized as a country with high level of corruption. Good governance has been the main challenge in national and local level.

To materialize the practice of good governance, dedicated and qualified resources of government bureaucracy is required. Unfortunately, the existing resources who integrate MDGs through technocracy planning mechanism have very limited capacity. They have limited capacity in accommodating voices of the community, adjusting with changes happened and defining problems, formulating public policy that corresponds people's needs, creating efficient and effective bureaucracy, implementing policy and regulations and being emphatic in serving public interests.

Limited capacity of bureaucracy also results in inefficiency of resources allocation. There are many budget allocations that are not spent for programs or activities that address root cause of the problem of poverty. Besides the wrong budget allocation, the proposition of direct spending is still much lower than indirect spending, so that



the programs and activities set by the government do not support the achievement of the MDGs targets.

The government commitment to support the achievement of MDGs can easily be measured by the availability of budget in the Local State Revenue and Expenditure Budget (APBD) for the poor people, vulnerable groups and women. For that reason, budget tracking is very important to identify issues and problems in budgeting. Budget tracking is needed to result is data analysis that describes budget information available for the relevant stakeholders to see clearly where the budget are form and how it is spent. Other purpose is to ensure realization of the budget allocation policy according to the procedure and regulation, technically efficient and operationally effective or in accordance to the objective set during the budget planning.

In relation to obstacles in achieving MDGs in Indonesia, we found the problem on the lack of mainstreaming programs related to MDGs among the government ministries and institutions and the limited budget allocation for the said programs. With this situation we found that some MDGs targets will be difficult to achieve by 2015 such as on health sector (reducing child mortality rate and maternal health) and combating HIV/AIDS.

## **I. Good Governance: The Lack of Transparency, Accountability and Competence**

This chapter will discuss contemporary situation in Indonesia related to dynamics of the implementation of procedural democracy and the fulfillment of substantial democracy. The Kemitraan, through a Partnership Governance Index (PGI) project in 2008 conducted a survey on 33 provinces in provincial level by applying 6 principles of good governance, namely participation, fairness, accountability, transparency, efficiency and effectiveness in four sectors, namely government (political office), bureaucracy, economic community and civil society. In general, the average rate of PGI in 33 provinces is 5.11 points where the government (political office) sector gets 4.95 points, bureaucracy sector gets 5.62 points, civil society sector gets 4.97 points and economic community sector gets 4.79 points.

Based on the dimension of the principle of good governance concerning level of openness of the government (open government), the government gets 5.04 points for participation, 6.69 points for accountability and 4.26 points for transparency. Among the three principles, transparency gets less point which indicates that the level of transparency of the government and bureaucracy in Indonesia need to be improved. Whereas, the point for accountability principle is the highest among other principles. This is because PGI only uses procedural accountability indicator such as the

audit by the state public auditor (BPK) which has generally been applied by most provinces.

The survey by the Failed State Index (FSI) 2012 published by Fund for Peace gives Indonesia a “warning” which risks to be a failed state. Indonesia was improving if compared to the FSI in 2011. In the survey in 2011 Indonesia was on ranking No. 64 from 177 States. But in 2012, Indonesia was No. 63 from 177 States.

In such ranking, Indonesia is in the category of States in danger to be a failed State. Indonesia is not alone in the “warning” category, because China and India are even on No. 76 and 78. Other Southeast Asian States in the same category are The Philippines (No. 58), Malaysia (No. 111) and Thailand (No. 84).

The Fund for Peace also carried out a research based on 13 indicators which are the elaboration of the political, economic and social situation of those countries. From the 13 indicators, the result is then divided by four criteria of States in the following categories; alert, warning, moderate, and sustainable. The States in “alert” category are Somalia, Congo, Sudan, Zimbabwe, and Afghanistan. From the Southeast Asian country, the States in this category are Myanmar (Burma) and Timor-Leste.

The evaluation conducted by the Minister of State Apparatus Empowerment and Bureaucracy Reform Azwar Abu Bakar concludes that majority of civil servants do not

have sufficient competence. “Of 4.7 million civil servants we have, only 5% have the competence. The civil servants in Indonesia are actually divided in to two groups; structural and functional. Unfortunately, those in the functional group are not the experts in their fields”.

Stronger criticism was given by Prof. Dr. Eko Prasodjo, the Deputy Minister of State Apparatus Empowerment and Bureaucracy Reform who said from his observation from being in the field of bureaucracy science in Indonesia, “I can say that 80% of the civil servants are incompetent and morally damaged. This is the reality”, Eko Prasodjo said.

In this reform era, the changes of system have been done, although still incomplete. The changes among others are on the system of remuneration, salary based on performance, competence and in the work fields. The change has been implemented in the Ministry of Finance, particularly in the directorate of customs and tax. However there are still corrupt tax officers although they receive 10 times bigger salary than other civil servants.

The functional positions in the government offices are still occupied by incompetent persons. This is because of the pattern of recruitment and promotion which are based on political factors and friendship rather than competence. In order to enhance the competence of the civil servants, the Ministry of State Apparatus Empowerment and Bureaucracy Reform formulates 10 steps of bureaucracy

reform, in which one of them is to have a competency test for the civil servants in the national level to scout competent civil servants.

Besides the problem on program mainstreaming and budget limitation, the more difficult problem that Indonesia faces at the moment is the effectiveness of the program and budget related to the MDGs. This is because when we look at the budget of the MDGs programs in different government ministries, the trend is increasing every year. For example on health sector, the average budget increase for Maternal and Child Health is 14 percent for the period of 2006 – 2012. Even in 2010 – 2011 the budget increase is as high as 38.6 percent.<sup>3</sup> The problem is that although there is an increase in budget allocation, the output is stagnant without significant progress so that the massive disbursement for MDGs programs seems to be useless.

Budget effectiveness is determined by the way the government manages the state budget that is always related to good governance. When we talk about good governance, it is interesting to learn the thought of Ms. Muthia Ghani who see good governance merely as a tradition and institution of those who manage the state, which includes (1) the process the government is elected, monitored and replaced, (2) the capacity of the government in formulating and implementing the policies effectively, and (3) the

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3 See the Civil Society Coalition for Prosperity APBN, draft budget of the APBN Alternative 2013, Draft Budget of the State Revenue and Expenditure Budget Alternative 2013, toward a constitutional budgeting.

recognition of the people and the state toward various institutions that manage their interactions.

The last element is usually done through three structures of communication, namely authority, legitimacy and representation. Authority is the government rights to make decision on particular matter. Although this is the rights of a modern system of government, it is important to listen to public perception about any policy to be made. Legitimacy is required when the people recognize the government do the function right. Representation is defined as a right to represent the decision making for the interest of other group in relation to resources allocation.<sup>4</sup>

Good governance in the end is not only limited to implementing the authority well, but most importantly is also the way the people can participate and control the government implementing the authority in an accountable manner. That's why the concept of good governance is always based on the three pillars which are transparency, accountability and participation.<sup>5</sup>

In the context of managing state finance, the three pillars have implicitly been stipulated in the Indonesian Constitution of 1945, Art. 23, Para. 1, which says that the deliberation of the State Revenue and Expenditure Budget

<sup>4</sup> Meuthia Ganie, Good Governance and Three Structure of Communication between the People and Government, a paper presented at the seminar on "Good Governance and Legal Reform" in Jakarta in August 1998.

<sup>5</sup> Ibid. See also Loina Lalolo Krina, "*Indikator dan Alat Ukur Prinsip Akuntabilitas, Transparansi dan Partisipasi*" (Sekretariat Good Public Governance Badan Perencanaan Pembangunan Nasional, Jakarta: 2003), pp.3

(APBN) should be done openly and responsibly for the best interest of the people. The issue of transparency has also been addressed by the Government by issuing the Law No. 14, in 2008 on Transparency of Public Information (UU KIP).

As mandated by the Constitution, the main objective of the Law on Transparency of Public Information is to guarantee community's right to know any plan of public policy making, public policy program, processes of making public policy and reasoning behind the public policy making. The law is also expected to encourage public participation in the public policy decision making process. The government is also expected to implement good governance which is transparent, effective, efficient and accountable.<sup>6</sup>

For many parties, demanding access to information especially related to the management of the state budget in local and national level has been a very tough and almost impossible work although the constitution and law already gave guarantee. This is true especially because the bureaucracy in Indonesia has been deep rooted to feudal and colonial culture that needs to be served rather than to serve. The thing is getting more difficult because such documents, whether in national or local level are seen to be a secret document that can't be accessed by public.

The closed access to those budget documents is still root

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6 See General provision on Law No. 14/ 2008 on Transparency of Public Information.

cause of the ineffectiveness of the development program, including the MDGs in Indonesia. The public are not at all in control of the programs set and implemented by the government, so that the posture of the State Budget is still on the service of the elites and bureaucracy interests. Every year, most of the expenditure goes to financing the bureaucracy, such as for travels, bonuses, vacancy, office facilities, vehicles, and others.<sup>7</sup> As an example here is one of the MDGs program in the Ministry of Health for the maternal and child mortality rate in which most of the budget allocations (about 75 percent) are for traveling (coordination meeting, socialization, facilitation, monitoring and evaluation and others).<sup>8</sup>

Besides the lack of transparency, other obstacle for the effectiveness of the development program is participation. The existing space for participation is only for the sake of formality and discontinued. The only room for public participation admitted by the government is the meeting

7 Seet *Forum Indonesia untuk Transparansi Anggaran* - FITRA, Year-end report 2012, Budget Held Hostage by Bureaucracy and Political Elites.

8 As expressed by Yenny Supto in the Year-end report of FITRA 2012, “...the mentoring of the Maternal and Child Health and Reproductive Health is in one roof under the Director General of Nutrition and Maternal and Child Health Mentoring. In the budget, the Ministry of Health only allocates Rp 30 billions for the child health program, and Rp 31.59 billions for the mentoring on reproductive health. Ironically, of the only Rp 30 billions budget for child health, Rp 21.5 billion or 72 percent was spent for the travel expenses (coordination meeting, socialization, facilitation, monitoring and evaluation, etc.). The same thing happens to the budget for maternal health and reproductive health that was spent for the same travel expenses for Rp 24 billion or 76 percent. The program for children development is allocated only Rp 1 billion for development related activities at the Centre of Excellent RBM, Health Service for Ministry and isolated Children and Child Health Surveillance.



forum for development planning (*musyawarah rencana pembangunan* - Musrenbang). At a glance, this forum seems to be participatory because the community was given a right to propose a program or activity as well as criticism, suggestion and inputs to the government. However, it is actually fake and only for formality because the inputs and criticism from the community are at last “amputated” in the next process of internal budgeting by a few elites. That process is already a closed-door meeting so that there can be no public participation. The level of participation in the *musrenbang* process is very weak, artificial and formal, merely for socialization, not a process of consultation, let alone negotiation.<sup>9</sup>

Besides the absence of the room for public participation provided by the government, the minimum understanding of the community to budgeting related issues also contributes to the low level of public participation. This is a crucial issue that has not been addressed by the government. The study of Open Budget Index states that the low level of participation in Indonesia is caused among others by the fact that there is no Citizen’s Budget as a product to make society be “budget literate” for their participation in the process of budgeting.

Based on the experiences in tracking the budgeting in

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9 From the research by FITRA in 48 municipalities, it is found that the level of participation of the community in the *musrenbang* is always high, but getting weaker when the process is getting in the higher level. See *Forum Indonesia untuk Transparansi Anggaran*, Local Budget Index and Local Budget Study 2010-2011.

8 program areas for the achievement of the MDGs through good government carried out by ACE, Kapal Perempuan and JARI<sup>10</sup> with the support from Kemitraan, we found that the inaccuracy in policy, planning and budgeting in the local level will directly related to the level of achievement of the MDGs in those areas. The sources of revenues (such as in Kebumen, Maros and Lombok Timur) from 2009 to 2011 is always dominated by the balancing Fund which indicates the high dependency of the local government to the central government. If only the balancing fund was deleted or reduced significantly, the stability of the process of development in local level will surely be affected.

Besides the budget allocation of the local government which is not sufficient to support efforts in achieving the MDGs, the capability to finance the activities to achieve the MDGs is also too small. The local revenue from the balance fund such as the General Allocation Fund (DAU) is allotted more for the government officers' expenditure, whereas the allocation of the Special Allocation Fund (DAK) has been decided by the central government.

The analysis of FORMASI, Kebumen says, "The Regency Budget is not in favor of the society as seen in the expenditure component that is dominated by indirect

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10 The MDGs Achievement Program through Good Governance (January 2010-June 2012) is implemented by ACE, Kapal Perempuan and JARI supported by Kemitraan, in 8 Municipalities, 8 Provinces (Kebumen-Jawa Tengah, Kupang-Nusa Tenggara Timur, Barito Kuala - Kalimantan Selatan, Padang Panjang - Sumatera Barat, Mamuju- Sulawesi Barat, Kubu Raya-Kalimantan Barat, Lombok Timu-Nusa Tenggara Barat, Maros-Sulawesi Selatan)

expenditure that is not related directly to programs and activities of the society. The indirect expenditure is spent more on paying the salary of the bureaucracy rather than financing development”.

### **Recommendation**

In the context of transparency and accountability, ideally it should have been the constitutional rights of the people to know and get information on all budget allocation of the National Revenue and Expenditure Budget (APBN). The information should not only be macro data, but also the budget elaboration as documented in document “unit 3”<sup>11</sup>. This step can be taken by the government by announcing all the budget allocation of the APBN on the media and be accessible to public. If taken, this step can improve the accountability and transparency of the budgeting and budget spending. This way the people can directly see, monitor and evaluate the spending of all budget, where actually the people’s money be spent, who spent the money and what the outcomes are.

In the context of participation, the government should open up rooms for public participation during the formulation and deliberation of the budget such as by organizing public hearing with various groups or component of society on regular and continuous basis. What happens so far is a zero participation of public in the

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11 Unit 3 is a budget document covering description of program and elaboration of allocation ceiling for every program, based on Unit Echelon I, and the Working Unitdan of the government ministries or State institution

formulation, implementation and monitoring of budget spending. Public has the rights to know the budget of a government ministry, where the budget be spent, who spend it as well as whether the budget is spent properly according to its allocation.

In the context of accountability, the monitoring of budgeting mandate of the parliament is weak and it has no follow up mechanism on the result of the auditing by the National Auditing Body (BPK) and the finding on the field in the national or local level. What happens so far is that the result of the auditing by the BPK is processed by the parliament internally. This becomes politically problematic because the independence of the Members of the Parliament in doing budget control mechanism is very much determined by the policy of their political party.

## **II. Inequality on Access to Health**

Health sector is always approached with human rights and gender perspective. Human rights perspective refers to basic rights inherent to all human beings with universal character. Human rights do not depend on recognition by other human being, society or even state. Human right is given by God, universal in nature, related to human dignity. Every human being has the same human rights regardless of their sex, color, nationality, religion, age, political view, social status, language and other status.

Gender perspective will help us in seeing differences clearly and enabling us to show relationship between the

concept of gender equity and gender equality. Gender equity is a concept which indicates same process between women and men and ensures equality in treatment (fairness) towards women and men. Gender equality is a concept that shows that women and men have the same condition to express their rights and potentials as human being in order to contribute and be benefited from the available programs and existing policies.

Gender equality is a form of recognition on the differences between women and men and the respect to their roles. Gender equity is a strategy being waged to achieve gender equality. Gender equity is a way to achieve the result, and gender equality is the expected result.

In relation to gender perspective, the Indonesian government already ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1984 through the Law No. 7 1984<sup>12</sup>. This Convention was then strengthened in 1992 when the CEDAW Committee Meeting in its 11<sup>th</sup> Session issued a General Recommendation No 19 which states, “Gender-based violence is a form of discrimination that seriously inhibits women’s ability to enjoy rights and freedoms on a basis of equality with men”.

The General Recommendation officially extends prohibition of gender-based discrimination and defines gender-based violence as an act of violence, “that is directed

12 Module on women’s rights: Law No. 7/1984 on the Ratification of CEDAW, *Yayasan Obor*, 2007.

against a woman because she is a woman or that affects women disproportionately. It includes acts that inflict physical, mental or sexual harm or suffering, threats of such acts, coercion and other deprivations of liberty”.

The General Recommendation implies that inequality against women is a human rights violation. This is in line with the Vienna Declaration and Program of Action 1993<sup>13</sup> Section I, Paragraph 18 which states,

“The human rights of women and of the girl-child are an inalienable, integral and indivisible part of universal human rights. The full and equal participation of women in political, civil, economic, social and cultural life, at the national, regional and international levels, and the eradication of all forms of discrimination on grounds of sex are priority objectives of the international community”.

It is important to see health issue with human rights and gender perspective in order to get comprehensive picture of the situation and the impacts of the efforts done to the whole community, both women and men in Indonesia.

Health is very important for the development because it is a precondition and indicators of the achievement of development of a country. Attention on health issues with respect and protection of human rights, both women and men can be a strength to support the achievement of the priorities of development which include for the elimination of gender inequality, health, food and water sustainability, and budget for all aspect of health for the ultimate objective

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13 *Ibid*

of a people's prosperity.

The subject on health is very important because according to Article 12 of the International Covenant on Economic, Social & Cultural Rights (1966)<sup>14</sup>, that health (including reproductive and sexual health) is very important in the development of human potential and that they are recognized as the rights that should be fulfilled. As long as there are still problems related to health, such as the lack of public health service and clean water, discussion on health problem in Indonesia will still be relevant and that it is legitimate to be one of the agenda of the post-2015 Development Agenda.

Indonesia has been successful in reducing poverty as indicated in the national poverty line in 2010 at 13.33 percent. This level is targeted to be improved to 8-10 percent.<sup>15</sup> The decrease of the poverty line is expected to give impact to the nutritional improvement of the society. The prevalence of malnutrition of the toddlers has decreased from the level 31 percent in 1989 to 18.4 percent in 2007, so that Indonesia is expected to achieve the MDGs target of 15.5 percent in.<sup>16</sup>

In the last two decades, Indonesia has made significant progress in nutritional condition as indicated by the decrease of the prevalence of the malnutrition of the toddlers from

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14 Downloaded from the website of the Office of the United Nations High Commissioner for Human Rights <http://www2.ohchr.org/english/law/cesr.htm>

15 MDGs Report of the Bappenas, 2010, pp.5

16 Ibid

31 in 1989 to 21.6 percent in 2000. The level of prevalence increased again to 24.5 percent in 2005. However in 2007 the level of prevalence of the malnutrition of the toddlers dropped again to the level of 18.4 percent.<sup>17</sup>

The data of *Riskesdas* in 2010 showed the decrease in level of malnutrition prevalence of the toddlers to 17.9 percent.<sup>18</sup> By seeing this trend, it is expected that the MDGs target can be achieved in 2015. Based on this statistic, the target set by the government in the National Long and Middle Term Development Plan (RPJMN) 2010-2014 is the decrease of prevalence of malnutrition to be less than 15 percent.<sup>19</sup>

The malnutrition has also been the main cause of infant mortality. Half of the infant and child mortality is caused by the poor condition of nutrition. Malnutrition causes the children to have weak body resistance so that they can be easily infected by the upper respiratory tract infection (ISPA) and diarrhea. Other direct impact is the failure to thrive generation. And malnutrition during the pregnancy will cause the baby born under the normal weight, short and thin. Children with malnutrition will also risk in loss of level of intelligence quotient (IQ) as much as 10-15 points which will affect their success in education.

In the long term, the problem of nutrition in early stage of life will also lower the level of productivity.

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17 Riskesdas 2007

18 Riskesdas 2010

19 Ibid



Contemporary literature indicates that malnutrition and over nutrition in early stage of life will cause metabolism disturbances, especially fat, carbohydrate and protein metabolism. These metabolism disturbances are the main risks for non-transmitted diseases such as coronary heart attack, diabetic mellitus type 2 and stroke in later age.

In the Law No. 36, 2009 on Health, it is explicitly mentioned that the objective of nutrition foster program is to improve individual and community nutrition quality by improving balanced consumption pattern, nutrition literate attitude, physical activities, clean and h lifestyle and the improvement of access to and quality of nutrition according to the advancement of science and technology. And that the government has the responsibility to fulfill the rights to nutritious food for the poor families.

Although nationally there is a decrease in the prevalence of nutrition on toddlers, there is still gap among provinces and between cities and villages. There are still 18 provinces with worse nutrition prevalence above national prevalence level, and there are still 15 provinces where the prevalence of shorter and thinner children (stunting) above national prevalence level.

The nutrition condition of the toddlers in villages is relatively worse than those in cities. The problem of the lack of consumption of carbohydrate and protein happens in all age categories, especially the school age (6-12 years of age), teenage (13–15 years of age), youth (16–18 years

of age and pregnant women, especially pregnant women in the villages.

The root of the nutrition problems is poverty which is very much related to availability of food supply, dietary, the lack of knowledge on balanced nutrition, and the as well as the lack of the programs in addressing problem of malnutrition, stunting<sup>20</sup>, and over nutrition. The government has actually addressed the problems with various approaches and projects. However, there are still many cases of malnutrition, gap among provinces and between cities and villages. In relation to the existing problems, some of the challenges are identified here:

1. The poor understanding of the government and community on nutrition so that the programs to address malnutrition tend to be less strategic. This is proven by the choices of programs in the local plan of action on food and nutrition which is decided by the sector which coordinate the local plan of action.
2. The coordination and collaboration of the central and local government which does not run well so that the planning, implementation and monitoring also do not run well.
3. The incompatibility of the documents of the plan of action on food and nutrition in the provincial level with other documents on development plan such as the Regional Long and Middle Term Development

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20 Stunting is a condition where a child's height is below standard due to the malnutrition.

Plan, regional strategic planning, and yearly plan and budget.

4. The lack of monitoring and evaluation system related to the implementation of the policy on nutrition, such as Law No. 36 on Health and the Government Regulation (PP) No. 33/2012 on Exclusive Breastfeeding.
5. The project oriented approach in nutrition field is not well integrated in village level, so that it is difficult to encourage public participation in the grass root level.
6. The enhancement of the public health centre and its strategic cadres in the nutrition improvement program for mothers and children has not been of serious concern either in local or national plan of action.

The existing obstacles and challenges are very instrumental to the achievement of the MDGs targets. Below are recommendations to achieve balanced nutrition targets for the community:

1. The strengthening of the existing nutrition program from the process of planning, implementation and monitoring for each program components (input – process – output – outcome) in every level of government administration (from national to village level).
2. The integration of nutrition program as part of the development in village level in the framework of empowerment rather than project oriented.

3. The involvement of civil society participation in the planning and budgeting of nutrition development program of the government.
4. That the government needs to develop more independent concept of monitoring of government policy by involving civil society such as NGOs and universities.
5. The revival of the mentoring by the national working group on public health centre by involving broader relevant government sectors.
6. Improving better coordination and collaboration between national and local government, among government offices, sectors and programs in order to produce more significant impacts.
7. The education for the cadres of the public health centre about nutrition to be done continuously, which includes monitoring and weighing of pregnant women.

Since the Universal Declaration of Human Rights in 1948, the world community has agreed to guarantee living standard and right to life to all human beings. This means that everyone, including the newborn babies have the rights to have their health and life guaranteed. This is the foundation for the inclusion of the reduction of the infant mortality rate as one of the targets of the MDGs.

The infant mortality rate and child mortality rate in Indonesia is still high where more than 500 infants (from

0 – 5 years old) die everyday. In 1990 the infant mortality rate was 68 of every 1000 born alive babies. According to the latest data, the infant mortality rate is decreasing to 34 of 1000 and the child mortality rate is 44 of 1000.<sup>21</sup>

Although it was decreasing since 1990, the decrease is still below the target of the MDGs in 2015 where it is expected that the infant mortality rate is 23 of 1000 and the child mortality rate is 32 of 1000. Most of the babies die when they are still newly born (0-28 days). The babies die mostly because of the *asfiksia* (difficulties to breath), born below weight standard, diarrhea and prenatal complications.

To be compared to the neighboring countries, the level of child mortality rate in Indonesia is still very high, that is 200,000 every year. The figure of the child mortality rate in Malaysia is only 3,694 and the Philippines is 85,400 cases. The main cause of the child mortality rate in Indonesia is diarrhea, pneumonia, malaria and measles. The mortality can actually be prevented with immunization, early detection, clean and healthy lifestyle and a fast and proper handling.

The root problem of the low standard of living in term of health is actually poverty which prevents someone from accessing public health services, poor living condition, food availability and low level of education.

Such complication can actually be prevented. However there are many challenges and obstacles as follows:

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21 SDKI 2007

1. There is no proper documentation of birth, death and cause of death.
2. The poor people can not access basic health facilities. Delay in medical intervention causes more than 70 percent of child mortality.
3. Limited immunization that can prevent most of transmittable diseases.
4. The gap in term of health facilities and services among different areas in Indonesia causes significant differences in decreasing child mortality rate.
5. The lack of the system of monitoring and evaluation on the policy related to child's health.
6. The low awareness of the parents in seeking assistance from medical workers.
7. The existing regulations related to health, such as the Law No. 36/2009 on Health and Government Regulation No. 33/2012 on Exclusive Breastfeeding still could not protect the mothers and babies.

In order to expedite the achievement of the target of the reduction of the infant mortality rate in Indonesia, there are following solutions and recommendations:

1. The need of long term and short term strategy on development budget on economy, food and nutrition, health, education and family planning to improve the nutrition status of the society.

2. The need for a documentation system for every birth and death to be implemented by local government.
3. To encourage immunization programs and healthy lifestyle to prevent transmittable diseases.
4. The extensification of development on health sector in remote areas.
5. The availability of sufficient and accessible public health for mothers and children.
6. Ensuring that there should be one midwife for one village in remote areas.
7. That the government needs to develop more independent concept of monitoring of government policy by involving civil society such as NGOs and universities.

Of all the target of the MDGs, the program to address maternal mortality rate is globally low. In Indonesia, the maternal mortality rate decreased from 390 in 1991 to 228 in 2007. Because the target of the achievement of the MDGs in 2015 is 102 for every 100.000 alive births, hard work is absolutely needed for that target. Although the antenatal services have been well facilitated by the medical professional, some factors such as high risks during the pregnancy and abortions need to be seriously addressed.<sup>22</sup> Based on the figure above, we see that the target to reduce the maternal mortality rate has not reached half of the

<sup>22</sup> Report on the Achievement of the MDGs Indonesia 2010. National Development Planning Agency (Bapennas), 2010, pp. 66

targeted rate.

Labor with the help of the trained medical professional is one of the most effective ways of reducing the maternal mortality rate. The percentage of the labor with the help of trained professional had been increasing from 66.7 percent in 2002 to 77.34 percent in 2009 (*Susenas*). The figure keeps increasing to 82.3 percent in 2010 (*Riskesdas*, 2010). The disparity of the labor process with the help of trained professional among provinces is still the challenge. The data of *Susenas* in 2009 indicated that the highest achievement of 98.14 percent happens in DKI Jakarta and the lowest of 42.48 percent happens in Maluku.<sup>23</sup>

To ensure the maternity health during pregnancy there should be antenatal care (ANC) that will also ensure the mother to have labor with proper medical facilities. About 93 percent of pregnant women enjoy antenatal care during their pregnancy. There are 81.5 percent of pregnant women who have check ups during the pregnancy. However, only 65.5 percent have check ups according to suggested schedule.

From the above mentioned data, we find that there are still many challenges and obstacles in the process of reducing maternal mortality rate, such as:

1. Limited public access to qualified health facilities, especially for those live in remote, isolated, border and island areas.

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<sup>23</sup> Ibid, pp. 67



2. Limited availability of qualified medical professional in terms of quantity, quality and spread, particularly the midwives.
3. The low awareness and knowledge on the importance of maintaining maternal health.
4. The low level of nutrition status of pregnant women.
5. The low number of use of contraception and the high number of the unmet need.
6. The inaccuracy in measuring maternal mortality rate because of the inadequacy of the system in documenting the cause of maternal mortality.

The government does not pay sufficient attention on the need of youth to get access to reproductive health services. In the health promotion and community empowerment, it is said that the target is only in active villages, meanwhile there is a big need for health promotion, particularly the youth who need health education. Health promotion in the community health centers still does not have services on reproductive health services for young people.

The lack of understanding on reproductive health is in fact directly connected to the rise of the cases of unwanted pregnancy either by the young unmarried or married women.<sup>24</sup> The ignorance of women on such issues

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24 Result of the Research of the PKBI, Facts on the Need of Women toward Menstruation recovery Services in 13 cities in 2008 – 2011. Being presented during the dissemination of the result of the research on December 18, 2012

continues to the process of unsafe menstruation recovery, As an example of this ignorance is the consumption medicine (traditional and modern medicines) for the menstruation recovery by women. There are also practices on the use of physical activities such as jumping to abort the pregnancy. Some even do unsafe abortion to stop the unwanted pregnancy.

The absence of safe menstruation recovery services provided by the government has resulted in unsafe practices of abortion. Because of the absence of such facility, there is no place for the young women and mothers who want to have consultancy on the safe way of ending their unwanted pregnancy. There are also stigmatization by the society and even medical workers to women with unwanted pregnancy although the women can even be the victims who do not want the pregnancy.

The unsafe practices of menstruation recovery and abortion will in the end disadvantage women's reproductive health. The worst situation will be when the women die of such unsafe practices. That is why the level of maternal mortality rate in Indonesia is still very high because of the lack facilities related to women's reproductive health.

Related to the case of HIV/AIDS, Indonesia is one of the countries in Asia with high growth of HIV/AIDS as reported by UNAIDS in 2011 in the HIV in the ASIA and the Pacific "Getting to Zero". The first case on HIV/AIDS in Indonesia was found in 1987. Until September 2012, the

data shows that cases of HIV/AIDS spread in 341 of 497 regencies or municipalities of all 33 provinces in Indonesia (about 71 percent). The first province to find the case of HIV/AIDS in 1987 was Bali. And the latest province to report the case of HIV was West Sulawesi Province in 2011.<sup>25</sup>

In 2005 the number of HIV case in Indonesia was reported 859 cases and was increasing every year. In 2012, the total number of cases was 15,372 cases. The cumulative number of cases of HIV reported by September 2012 was 92,251 cases. Of those number, the highest numbers is DKI Jakarta (21,775 cases), East Java (11, 994 cases), Papua (9,447 cases), West Java (6,640 cases), and North Sumatera (5,935 cases). The Ministry of Health also classifies the AIDS cases from 2005 with the reported number of cases as many as 4,774 cases, in 2006: 3,439 cases, in 2007: 4,434 cases, in 2008: 5,134 cases, in 2009: 5,458 cases, and in 2010: 6,476 cases. The cumulative number of cases from 1987 to September 2012 is 39,434 cases.<sup>26</sup>

The Ministry of Health reported the HIV cases into the category of age and sex. From July to September 2012, the number of new cases of HIV being reported is 5,489 cases. The highest percentage of reported cases is from the age of 25-49 years of age (73.7 percent), then 20-24 years of age (15.0 percent) and above 50 years of age (4.5 percent). The percentage of HIV cases between men and women is 1:1.

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25 Ministry of Health, Report on HIV/AIDS Third Trimester, 2012.

26 Ibid.

The percentage cases on heterosexual are 50.8 percent, the use of unsterilized needle is 9.4 percent, and the homosexual is 7 percent.

For the cases of AIDS from July to September 2012, the number of new cases being reported is 1,317 cases. The highest percentage of reported cases is from the age of 30-39 years of age (40.7 percent), then 20-29 years of age (29.0 percent) and 40-49 years of age (17.3 percent). The percentage of HIV cases between men and women is 2:1. The highest number of cases is in DKI Jakarta (648 cases), Central Java (140 cases), Bali (102 cases), West Java (80 cases) and Riau (78 cases). The highest percentage of AIDS risk factors is unsafe sexual relationship on heterosexual (81.9 percent), the use of unsterilized needle (7.2 percent), from HIV positive mothers to children (4.6 percent) and the homosexual (2.8 percent).<sup>27</sup>

From the data above we can see that the number of cases of HIV/AIDS is increasing every year, not only on men but also on women. The vulnerability of women toward HIV is caused by various factors, such as gender inequality that results in inability of women in controlling the sexual behavior of their husbands or their sex partners. The lack of knowledge and access to get information and sexual health services, as well as reproductive health and HIV/AIDS which result in high case on women.

To prevent the transmission of HIV, there is a program called Preventing Mother to Child Transmission (PMTCT)

27 Ministry of Health, report on HIV/AIDS Third Trimester, 2012

which targets housewives, women's sex workers, women's drug users, and migrant workers by considering human rights principles and gender sensitive services. The PMTCT service consists of four strategies: (a) prevention of HIV transmission to women's productive age, (b) preventing unwanted pregnancy for HIV positive women, (c) preventing the transmission of HIV from the HIV positive mother to the baby, and (d) providing psychological and social support and treatment to the HIV positive mothers as well as their babies and families.<sup>28</sup>

By the end of 2011 the PMTCT services has provided 90 referral hospitals in provinces and big cities which has been accessed by 1,862 HIV positive women in Indonesia. However not all referral hospitals provide medical and managerial support to the women infected by HIV.

In the report of the Indonesian achievement of the MDGs in 2010, it is mentioned that there is increase of the number of the new HIV infections. From 1996 to 2006 the number of the HIV cases has increased to 17.5 percent, so that currently there are about 193,000 people live with AIDS in Indonesia. The AIDS epidemic is usually concentrated in population with high risk of AIDS epidemic in most areas in Indonesia with the prevalence in most areas of 0.22 percent in 2008. Papua and West Papuan Province has been in generalized endemic situation with 2.4 percent prevalence of the persons of 15-49 years of age with the increasing number of cumulated cases. In 2009 there were

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28 Report on HIV/AIDS, Ministry of Health, 2011.

19,973 cases, which means that it is two time bigger than the cumulated cases in 2006 which was 8,194.<sup>29</sup>

In relation to water and sanitation, we know that the 10<sup>th</sup> target of the MDGs is to reduce in to half of the proportion of the population without access to safe and sustainable drinking water as well as basic sanitation by 2015. For the purpose of achieving the target, the Indonesian government through the Middle Term National Development Plan (RPJMN) on drinking water and healthy environment (AMPL) 2010-2014 set the target of improving the access to drinking water for 70 percent of the population by 2014.

The government also targets to stop the indiscriminate defecation and provide access to the system of sewage management for 90 percent of population. On waste management the government targets 80 percent of urban households to have access to waste management and reduce flooding potential of 22,500 hectares in 100 strategic areas of the city.<sup>30</sup>

The proportion of households with access to clean drinking water has increased from 37.73 in 1993 to 47.71 percent in 2009. The proportion of households with proper sanitations has increased from 24.81percent in 1993 to 51.19 percent in 2009. In practice, the achievement of the availability of clean drinking water and sanitation still could not be achieved, either in the target of the MDGs or in the RPJMN. Until 2012 the achievement for the

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29 National Development Planning Agency (Bapennas), 2010,

30 RPJMN 2010 - 2014

clean drinking water facility is still at 44.19 percent, and the coverage of the access to sewage management is still at 55.53percent. The same thing happens to the drainage system (55 percent of the target 100 percent) and waste management (42.9 percent of the target 80 percent).<sup>31</sup> (See the figure of graphic 7: Target and Achievement of Drinking Water and Sanitation Infrastructure).

This condition is caused by some factors which include; (1) insufficiency of regulation that support the provision of healthy drinking water and sanitation management, (2) limited number of credible and professional institutions, (3) poor quality of the planning of the provision of drinking water and sanitation management, and (4) the limited budget to support all aspect of the provision of drinking water and sanitation management.<sup>32</sup>

The recommendations for the health service post-2015 are:

1. To include the facility of reproductive health (through the education on reproductive health) especially for women, groups of persons with disabilities, persons with HIV/AIDS, those in remote and border areas to the SPM indicators.
2. To provide reproductive health services in the community health centers to all community which includes consultation on unwanted pregnancy and safe

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31 Bappenas, 2012

32 State of the Nations Address of the President of the Republic of Indonesia during 67th Commemoration of Independence Day, 2012

menstruation recovery.

3. To set up peer counseling for the young people in all education level on reproductive health issues.
4. To abolish the practice of unsafe abortion which will increase maternal mortality rate in Indonesia.
5. To use cultural approach to society to change ways of thinking in seeing reproductive health issues as common issues and not as a taboo that need to be discuss to the young people.

### **III. Environment: Ecological Disaster and Continuing Conflict**

The crisis of environment and natural resources in the national level could not be separated from global political economic system where the corporations, financial institutions and state are collaborating to maintain their power. The Summit on Sustainable Development in Rio de Janeiro (Rio+20) and the Summit on Climate Change of the Conference of the Parties (COP) 18 in Doha identified the fact that the influence of the corporations is getting stronger in determining various state policies that supposed to be responsible to protect its people and environment.

The Rio+20 Summit has been a disappointing turning point for the civil society in the world and be the worst historical record on the inconsistency of the governments which two decades earlier has launched global efforts for a just and sustainable world. The Rio+20 Summit has performed



ignorance of the leaders of the developed countries to support the agenda for a sustainable development.<sup>33</sup>

The Meeting of the 18<sup>th</sup> COP of the United Nations Framework Conference on Climate Change (UNFCCC) – Climate Change Summit at the end of 2012 is still disappointing. The global climate agreement this time was carried out in pessimism, that the negotiation process will bring about resolution to resolve climate change in a fair way especially for poor and developing countries that are the most vulnerable and not ready to face the impact of climate change.

One of the main debates will be on carbon trade (offset), where on the one hand industrialized countries (Annex11) aggressively promoting carbon trade with the offset scheme. On the other hand the non-Anex-1 firmly rejecting the proposal.<sup>34</sup> In this conference, Indonesian government takes the position to fully support free market mechanism with the offset scheme as proposed by industrialized countries.<sup>35</sup> The industrialized countries confidently express their objection to fulfill their obligation in reducing the emission although it is obvious that to prevent the worse impact of climate change in developing and countries, emission

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33 The leaders hand over the leadership for the sustainable development agenda to the corporation. In the Rio+20 Summit, more than 1000 representatives of big businesses were present and had huge powerful lobby team to insert their interests in the Summit.

34 At least not to express their support explicitly.

35 See: <http://www.mongabay.co.id/2012/12/05/lupakan-masalah-kehutanan-ri-malah-dagang-karbon-di-doha/>

reduction by industrialized countries is a must.

This challenge requires a new strategy for the post-2015 development. We have to have a new comprehensive vision based on philosophy that is harmony with nature. This also needs a deep social transformation that requires radical redistribution of property, access and control to productive resources for the achievement of dignified life. We also need to production and consumption reorientation to fulfill the need of society and human potential rather than by maximizing short term profits.

The management and governance of source and space of life should also be accompanied with fundamental change on support system and decentralization of authorities. The management of natural resources of Indonesian archipelago in the conception of sustainable development should be able to ensure food sovereignty, sufficient supply of clean water, energy and job opportunity within the vulnerability of climate change and ecological disaster. Development should be able to guarantee socio-landscape justice, respect to differences, and independence and respect of societal culture.

Sustainable development should be put as a need and aspiration of human kind now and the future. That's why the human rights principles such as economic, social, cultural and the rights to development have help a lot in clarifying direction and orientation of the concept of sustainable development. In a more concrete way, it is

undeniable that the rights to good and clean environment is an immediate need and the part of human rights. The rights to development can not be separated from the idea that development should promote and strengthen human dignity and the objective of the development is for sustainable progress for the creation of a just and equal human's prosperity.

The approach of the development at the moment tends to prioritize urban areas rather than rural so that the rural areas are still far left behind as compared to the urban areas. The approach also prioritizes land area rather than sea so that the maritime development is left behind and it tends to be solver for all problems in the land (such as the garbage and waste). For the local population, the management of natural resources (sea and land) is not merely how they manage the resources of the physical needs, but also related to live space source of aspiration in developing their culture and civilization.

The disintegrated management of natural resources according to small administrative territories often creates conflict between localities. This is because the support capacity of the natural resources in every region varies and unable to support the live and development in long term. For this situation there should be cooperation among regions to achieve common prosperity and sustainability of life supporting system. The sectoral approach in managing natural resources such as agriculture, forestry, mining and other industries causes conflicts on natural resources, as

well as overlapping in policies about that sectors.

From the perspective of social justice, the existing policies are made top-down without considering the local culture. The policy on the management of the natural resources is centralistic, elitists paternalistic and exploitative so that it cause destruction of the natural resources and environment, economic and social gap wider between local and central government, between group of society and between regions.

The fragmentation of ecosystem into the administrative territory and sectors have caused disturbance to the life of many groups here.<sup>36</sup> The approach to development at the moment is relatively uniform, whereas we all know that social and cultural pluralism is an Indonesian reality. This way, the development does not correspond to the real need and local characteristic. This is what make the development ineffective, inefficient and causing many social conflicts.

The state does not admit nor give space for the control of natural resources to the society, either individually or communally, especially the ownership of natural forest, mineral resources and sea area. This is the source of the conflict because of the claim by the state over the control of natural resources with the community individually or as a collective. It is this model of management of natural

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36 Such as the hunting society, nomadic and traditional fisher folks; the disturbance to their culture such as on science, living, technology, religion, traditional institution and other social norms.

resources practiced by the government which cause massive destruction of environment and affect all living creature.

The situation gets worse because of the existing laws on natural resources and environment in Indonesia is often in contradictions to each other, either between the higher and lower regulations, among the laws or between the law and the lower regulations. There are at least 5 laws which systematically give broader authority to the government over agrarian sources, but the existing authority is not compatible with the spirit of the Constitution 1945 and the Law on Agrarian Fform (UUPA) 1960. The five laws are the Law No. 41/1999 on Forestry, Law No. 18/2003 on Plantation, Law No. 7/2004 on Water Resources, Law No. 27/2007 on Management of Coastal Area and Small Islands, and the Law No. 4/2009 on Mineral and Coal.

In such messy situation, there is a Presidential Decree No. 3/2011 on the Master Plan of the Acceleration and Expansion of Indonesian Economic Development (MP3EI) as a continuation of the Infrastructure Summit in Bali that still prioritize extractive natural resources which in fact do not have safeguard so that it is very dangerous to the environment and human safety. In fact the MP3EI is not designed to rectify existing regulations and repair damages and environmental crimes caused by the process of development.<sup>37</sup> This of course is against the government's commitment.

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37 sementara UU 32 tahun 2009 tentang Perlindungan dan Pengelolaan

There is no vision of nationalism in the MP3EI. We do not know whose interest is represented there, but what is clear is that it is not people's need. To support the MP3EI, the government issued other regulations such as the Law on Land for Development, Presidential Decree No. 3/2012 on the Spatial Planning of Kalimantan Island and the Presidential Decree No. 13/2012 on the Spatial Planning of Sumatera Island. These regulations signify the strengthening and domination of the capital and the state exploiting natural resources merely for their economic interests, thus ignoring the interest of the population who will be implicated by the policies.

More than 91 percent of conflicts on natural resources in Indonesia involve the population and the corporations. The main trigger is confrontation on claim of territory between the population and the license holder (corporations or companies). The conflicts do not claim only properties, but also lives and their living. The conflict over natural resources has been one of the serious types of human rights violation in Indonesia. Until today, the culprits of the violent conflict and killing are never brought to judicial processes.

The environmental destruction is also caused by extractive industries. This is because of the weakening regulation in the extractive sectors. Efforts for protection from the threat of the extractive industries are only discourse on seminar forums, while the community on the mining areas keeps being the victims. The evidence of the

weakening on regulation is well exemplified by the way that Newmont can freely waste the tailing to the sea as testified by thousands of fisher folks in Senunu Bay. Formally, the permission to waste the tailing has ended. But the government through the Ministry of Environment extends the permission for the tailing.<sup>38</sup> There are many other environmental crimes that are not properly handled by the Ministry of Environment such as fake environmental effect analysis (AMDAL) information, import of dangerous and toxic waste, hoarding of dangerous toxic waste near the rice fields in Karawang and many others.

In the midst of weak regulation and law enforcement in the environmental field, the Ministry of Environment in 2012 issues a Program of Assessment of the Level of Company Performance (Proper). The assessment is based more on self-assessment of the companies (the Document on Planning, Implementation and Monitoring of Environment). The company that destroyed the environment can get a “good” assessment (golden, green, blue), because of the weak regulation and the one-sided source of information is from the company. If the community files a case against a company for the environmental crime, the company will produce the PROPER (good conduct) to silence critics.

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38 This is strengthened with the permission of the company to waste the tailing to the Senunu Bay by the State Administration Court (PTUN) of Central Jakarta. Meanwhile the Oceanographic Office of LIPI, does not want to reveal their research findings because their research was funded by the mining company.

Up until today, 121.74 million hectares (88 percent) forest territory still has no boundary. This data implies that the forest territory by which the government makes a claim to evict the population is illegal and against the existing regulation. There is a big problem here because the forests are inhabited by 33,000 villages whose populations are vulnerable to facing criminalization, forced eviction and violence from the forests.

The environmental destruction is very much related to forest and plantation management. They compose the main environmental destruction. This is due to the policy in national level with the issuance of the Government Regulation (PP) No. 60 and No. 61 in 2012 on the Pattern of Changing the Function of Forests. Both regulations have been the umbrella for mining and plantation companies to renew and white wash their previous violation.<sup>39</sup> Besides by giving permission to open up forest areas for 30 million hectares (as of June 2012), the Ministry of Forestry also processes the release of 12 million hectares of forest in 22 provinces that will be the target for expansion of the palm oil and mining companies.<sup>40</sup>

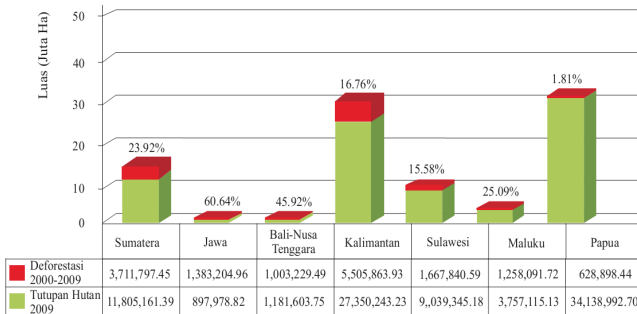
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39 The Government Regulation is currently in the court process at the Supreme Court

40 There is an interesting thing in the review of this forest, where the release of the forest areas proposed by 22 Governors in the pretext of spatial planning is exactly the same as the numbers of areas of forest to have change of use, namely 12,357,071 hectares. This same width of areas show that the decision is not based on the impacts and support areas, but on the tabulation of specific groups in the Ministry of Forestry and the Parliament.



Gambar 2.1.3 Deforestasi di Indonesia Periode Tahun 2000-2009



Source: Forest Watch Indonesia 2011

The massive release of forest areas in Riau, Central Kalimantan, Maluku and other provinces are covered up by pointing out forest areas in Papua for as much as 6 million hectares. It is not an exaggeration if there is curiosity that the spatial planning obliged to all regions be used to benefit plantation and mining company. Besides such modus operandi of using spatial planning, the Ministry of Forestry also releases forest areas to be plantation areas up to 5 million hectares, principle license for the plantation at the forest conservation area (HPK) for 1 million hectares and for mining as much as 3 million hectares, which includes exploration, principle and production. We look at the amount the government issued license for forest exploitation, there have been about 50.4 million hectares or 38.4 percent of Indonesia's forest areas being given to the plantation and mining corporations and companies.<sup>41</sup>

41 See Environmental Outlook of WALHI 2013

The transaction politics of forest management is done by the SBY-Boediono regime through the moratorium of forest areas by issuing Indicative Map for New License Issuance (PIPIB) that is being revised every six months. From this modus, what we see is that rather than for the purpose of putting the forest management in order and resolving existing conflicts, the moratorium is even being used to abuse the management system by excluding some areas from PIPIB in each revision. At least for the last 3 revision of the PIPIB, the Ministry of Forestry has admitted the management of 4.2 million hectares of forest areas to the third parties. This way the Ministry of Forestry has denied its obligation to enforce law and give sanction to the third parties that has been in the forest areas.

What is interesting however is the fact that during the 2 years of moratorium which is the favorite program of the government, the management of natural resources in forestry sector is not getting any better. The WALHI and other environmental organizations see the moratorium as a waste because it fails to solve basic problem in forestry issues in Indonesia, namely the forestry management which is not in favor of the people and environment so that the conflict in forestry field keep keeps going.

The high level of conflict in forestry is a clear reflection of the ugly face of forest management in Indonesia. This can also be seen as the fact that the forest management is in the hand of the capital, not the communities whose source of living are there in the forest.

Numbers of ecological disaster is also increasing everyday. Ecological disaster here is defined as a disaster caused by the state mismanagement of natural resources. In 2012, WALHI documented 503 floods and landslides which claimed 125 lives. Forest fire in 2012 has destroyed the forest areas and surrounding for as much as 11,385 hectares.

Pollution and other environmental destruction, complemented with land use change are taking over the source of life of the farmers. Degradation and threat of sustainability of food production happen everywhere due to many factors. WALHI notes that the threat to the sources of food is caused by land use change, pollution and degradation and destruction of environment. This all are related to opening up of mining operation, big plantation company, tourism, industry and development of infrastructure in the food production areas or their supporting territory.

Java Island as the main sources of food supply is in a big threat due to the expansion of industry, big infrastructure and housing built on agrarian areas. This can be seen in the basis of agriculture in Bekasi, Karawang, Subang (industry, housing and infrastructure), Bogor (luxurious housing, villa and tourism), Sukabumi (industry and housing), and Sumedang (dam). The same thing happens in Banten, Central Java, Jogjakarta and East Java. Outside of Java, the forest areas converted or lost their supporting areas due to the issuance of mining exploration (North Maluku, NTT, Bengkulu, West Sumatera, East Kalimantan, South

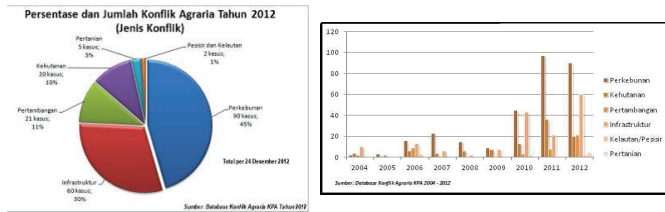
Kalimantan Selatan, Aceh, and Bangka Belitung). Besides land conversion, trend on the change of types of the food crops to palm oil and wood industry also happens.

The intensive use of natural resources by the companies has resulted in the increase of conflict on agrarian and natural resources related issues. Agrarian conflict has raised deep concern of most parties because they often claim lives. In handling the conflict on agrarian issues, the government emphasizes more on using criminal elements rather than addressing the root cause of the conflict, so that at anytime, the conflict can happen again. The repeating and spreading conflicts on agrarian and natural resources issues has brought about conclusion by public that agrarian conflicts has the highest frequency in Indonesia.

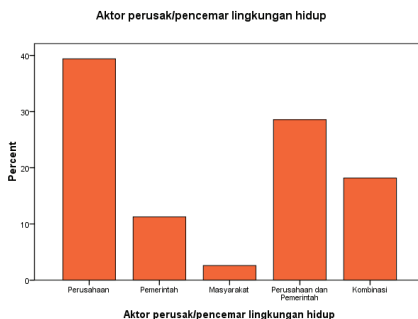
In the last three years, the graphic of agrarian conflict shows increasing trend. In 2010 there were at least 106 cases of agrarian conflicts in many regions. Then in 2011 there was a drastic increase to 163 cases which claimed 22 deaths of farmers or residents in areas of conflict. In 2012, the KPA noted there are 198 cases of agrarian conflict throughout Indonesia. The total area of the conflict is more than 963,411.2 hectares, involving 141,915 families. While the record of violence against farmers during 2012 is that there were 156 farmers detained, 55 people injured, 25 farmers shot, and 3 people being killed.

Of 198 cases that occurred in 2012, 90 cases occurred in the plantation sector (45 percent), 60 cases in the

infrastructure development sector (30 percent), 21 cases in the mining sector (11 percent), 20 cases in the forestry sector (4 percent), 5 cases in farm agriculture/coastal (3 percent), and 2 cases in the marine and coastal areas (1 percent).



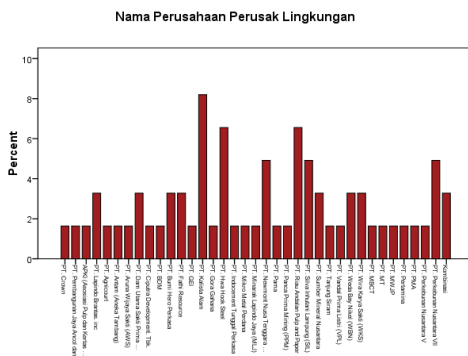
From the report of the KPA, during President SBY administration from 2004 until today, there has been 618 agrarian conflicts nationwide. The conflicts have claimed 44 lives with the area of conflict of 2,399,314.49 hectares, involving 731,342 families. During the same period, 941 have been detained, 396 wounded and 63 of them have been seriously wounded of the military shootings.



Source: Documentation of WALHI, 2012

Regarding the actor who destroys the environment, the analysis conducted by WALHI indicated that the highest environmental destroyers are corporations that invest primarily in the mining and plantation sectors. The second is the government, and the third is a combination of corporate and government. The last is the community.

These findings then strengthen CSOs for urging corporate responsibility for environmental destruction that has been done. The data above shows the collaboration of corporate and state officials that reinforce previous analyzes that environmental issues can not be separated from the cooperation or intensified consolidation between the capital and those in power. The community identifies as perpetrators found only in unconventional mining activities with a high level of risk, and the ignorance of the government that does not provide alternative earnings for them.



*Source: Documentation of WALHI, 2012*

The data counters the assumption or stigma that the actor who destroy environment is the poor people, that poverty is the cause of environmental destruction.

Based on media research by WALHI, it is stated that the target of protests by civil society, mostly carried out by NGOs and community is the government, which is associated with a variety of policies issued the government issued at the national and local levels. Policy change has been the main agenda that they keep put pressuring. In many cases, the policy is even a mean of legitimacy for the corporations to commit environmental crimes with the “stamp” from the government through the laws, regulations and other licenses.

The next target of protest is the corporations or companies in their concession areas. This indicates that the community is getting more aware of their rights. They start knowing the law and justice mechanism, roots of problem they are facing, the actors and their interests.<sup>42</sup> This is undeniably the result of organizing works by the civil society groups with their critical education in village level.

Seeing the facts of crisis and various events as ecological disaster it is impossible for us to wait longer until more

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42 With the open information, the people know more of their rights including the rights to environment. That's why there is resistance nationwide against injustices, which include for ecological justice. What is interesting is that the resistance of the environmental and human rights defenders does not decrease amidst the weakening of the protection of their rights. According to the data of WALHI, in 2012 alone there were 7 activists being criminalized and physically harassed. This does not include the activists who are from the victims' community.

victims fall. The crisis needs to be recovered amidst the ignorant state from the crimes by strengthened corporations. The statistic on environmental destruction, victims of ecological disaster and the victims of development should not merely be statistical numbers. The statistic represents the faces of the victims, the faces of the citizens whose rights were taken, even by their own government. The environmental destruction has taken human rights to life. The ecological disaster and environmental destruction have reduced human life quality. The height of the poverty rate due to the loss of sources for living is because of the mismanagement of the environment and natural resources.

WALHI defines ecological justice as a right to get inter-generational justice based on the principles of gender justice, people's safety, sustainability of service to nature and the protection of people's productivity where the generation of today and tomorrow, men and women have the rights to be saved from the threat and impact of crisis as well as destruction of environment and other sources for living of the people. Ecological justice is a struggle for the balance of nature and human without ownership/control for the interest of inter and intra generation.

The rights to environment require state responsibility to ensure the respect, protection and fulfillment of law enforcement and political will. The realization of the rights to environment will be an important prerequisite for the protection of the sustainability of living sources of the people. The rights to environment should also be



accompanied with respect to other basic rights such as rights to political participation, rights to information, rights to self-determination and the rights to freedom of expression and association, without which the rights to environment as people's rights will be impossible.

The issue of environment has been promoted by many people, including by those destroying the environment by using issues such as sustainable development. The issue environmental conservation has been hijacked by the capitalism system through state policies that are based on market and thus marginalizing people's basic rights. The issue of climate change and global crisis then open up opportunities for the corporations to intensify their exploitation of people's land under the disguise of international trade system.

If Indonesia really wants to get out of environmental crisis and crisis of sovereignty, then all models of the management of natural resources in Indonesia should be based on three fundamental principles where all should be defined according to the biggest number of to be victimized and most subordinated in the development;

1. How to ensure people's safety
2. How to ensure their prosperity and productivity
3. How to ensure sustainability of the function of the service to nature

The state should take active roles in demanding

responsibility over crimes against nature and humanity committed by the non state actors. This requires the state not to be in control of the big actors outside of the state (non state actors),

### **Recommendations**

In many opportunities, it is always mentioned that people's interests is one of those fought for by the government in development. However, based on various reality and existing regulation, the facilitation of people's interest is still very minimal. From the experience of initiating the Popular Forestry System (SHK), facilitating many villages in accessing the scheme for village forest management, we found the fact that the support of the government in this field is very small. The main reason that frequently said by the forestry apparatus is the lack of trust and confidence on the capacity of the community to manage the forest. They are more confident in seeing that the company will give them more profits, and the local community will only be the workers in that companies.

If we look at national or regional issues, we will see that if there is no fundamental change on the direction and model of development, then the fact of environmental crisis that happened in 2012 will keep happening in 2013 and so on. This prediction is not only based on strong arguments, but also on the political situation as well as law enforcement which is still very far from hope.

As a part of the transformative agenda, the government

and international institutions is challenged to get out from the current model of development and carry more fundamental change which will really meet the need the generation of today and tomorrow. To be committed to genuine sustainable development based on the principle of human rights, equality, self determination, social, gender and ecological justice.

Now the framework for a post-2015 Development Agenda as a continuation of the MDGs is being prepared by many stakeholders including the government, civil society and the United Nations. Based on the MDGs experiences, the framework for the post-2015 needs a change of development paradigm in term of process and substance. The post-2015 development agenda should at least fulfill the following criteria:

- The policy that support the Popular Forest system (SHK); empowering the local community, revitalizing the community-based forestry industry
- Sustainability of the pattern of production and consumption in the context of reducing gas emission and glass house effects → reformulation of partnership between Indonesia and industrialized countries
- Urging industrialized countries to fulfill their commitment on *Monterrey Consensus and Doha Declaration related to* ODA target, which is 0,7 percent of the GNI and to have it 0,15 – 0,20 percent be allocated to the LDCs/*less developed countries by 2015*

*at the latest.*

- In the next 5 years Indonesian government has to achieve *tax ratio* of the *lower middle income country* for 20-24 percent of the GDP. This way, Indonesia will be able to finance development without depending too much to foreign debts and ODA.
- Change for and intensify the use and consumption of renewable energy

#### **IV. Conflicts and Fragility: Ongoing Social Conflicts and Long Road to Peace**

This part provides analysis on the implementation of MDG framework as the development model that does not consider geographical, social and political threads. Achievements towards MDGs claimed by National Development Planning Agency (Bapennas) have increased GDP's income for more than US\$1 per day. Ironically, the first six areas in poverty lies within the areas of conflict, such as Papua (32%), West Papua (31.9%), NTB (19.7%), post conflict Maluku (23%), NTT (21.2%), and Aceh (19.6%) having history of conflicts ranging from self-determination, autonomy, freedom of religion, and conflict among small villages.

Conflicts are triggered by various problems. Ethnicity and religion, economy resentment, political crisis, security crisis and socio-cultural value degradation have become the major causes of conflict in Maluku, Poso, West

Kalimantan, Aceh and Papua. Development intervention in an area where conflicts happened has always considered conflict situation and peace, how development intervention program is conducted, regulations at national level and areas of conflicts sensitive.

Conflict in Indonesia is simply categorized into two: conflict of natural resources and social conflict. Conflict of natural resources, also known as agricultural conflict related to plantation, forests, cities and infrastructure development, has already discussed in the previous section. Whereas, social conflict includes religious and ethnic conflicts, clashes among group of people, and economy resource conflicts.

To overcome the conflicts, the government has considered solutions as part of vision and mission in Indonesia development agenda. The objective is to create peace and justice and stated in National Middle-Term Development Plan (RPJM) Year 2009-2014 by setting post-conflict agenda as one of national development priorities.

Between 2008 and 2010, Monitoring Reports by *Titian Perdamaian* Institute says that incidents and conflicts are increasing up to 4,021 times, which means 1,340 times per year or 3.6 times a day of the average. Physical clashes among people and community conflicts are in the highest rank with 6.21% of the total conflicts and violence in Indonesia, followed by 13.9% for conflicts political issues, 8.3% economy resources issues, 7.8% for natural resources issues, 2.2% for religion and ethnic issues, and 0.8% for

apparatus conflict (*Titian Perdamaian* Institute Team, 2011).

In Indonesia during year 2011, there was no significant shift concerning the highest rank of conflicts and variants of violence. Within that year, routine violence reached 1,310 times or 74% of 1,767 conflicts. Surprisingly, physical clashes among groups of people, especially by university and high school students, contribute fantastic number, 501 incidents or 28%. Data was based on mass media reports over 33 provinces combined with six national media.

More than 10 years ago, routine violence became common indicator to massive communal conflict. In West Kalimantan, clashes caused by groups of young Dayak dan Maduranese have become communal conflict; while in Poso and Ambon, it was triggered by clashes between groups of young people and gradually changed to wider conflict and violence mobilized by a large group of people.

The problem is our political articulation does not really ensure the shift of patronage pattern and traditional solidarity towards contractual and mature bindings. Electoral bindings in local election still performs conflict expressions, which explains why political-issue-based conflicts reaches the highest rank as monitored by many institutions. The idea becomes basis for some organizations to evaluate and initiate for the abolishing of local head direct-election system. North Maluku is one of the provinces which has experienced a quite long history of conflict and,

as the effect, community conflicts as the center of power can still be seen in Ternate.

Thing to remember is that conflicts always bring great influences to the increasing of number of violence against women. National Commission on Violence Against Women has documented 1,503 cases on sexual harassment against women of 3,283 cases on violation against women in conflict areas such as Aceh, Poso, Maluku, Papua, Timor Leste, 65 Tragedy, and May 1998. Until now, the Government does not provide sufficient attention to those victims. Victims were almost forgotten. Cases on sexual harassment are even spread to many areas. National Commission on Violence Against Women recorded 110,468 cases in 2011 experienced by women in their marriage and 1,405 cases while they are dating. The high rate of violence against women hurdled the achievement of MDG's third goal -- promoting gender equality and empowering women.

Conflicts in Indonesia show that there is historical aspect and strong correlation in development process and flow of capital growth, especially exploitation of natural resources. This humanity disaster has brought great loss. Thousands of people have died in vain, many becoming refugees—uprooted from where they belonged to for generations. Conflicts have ruined infrastructures and dreams and hopes of many people.

Moreover, social conflicts have created a big gap among

religions (Moslems and Christians) and between new coming community and indigeneous people (at the border of Indonesia and Timor-Leste). Resentment in political power and authority within and among organizations or small social groups accumulated by economy resentment, political conspiracy, paradigm, primordialism, politics, ideology, doctrines and so on are Horizontal Inequalities as the main factor that trigger conflict in Indonesia.

Conflicts can be figured as a cycle where the intensity is changing overtime from one place to another, increasing from relative stable and peaceful to critical condition and war then slowly decreasing to a condition of relatively peaceful. This cycle of conflict becomes the reference to the world peacemakers and scientist in conflicts to set their mitigation strategies.

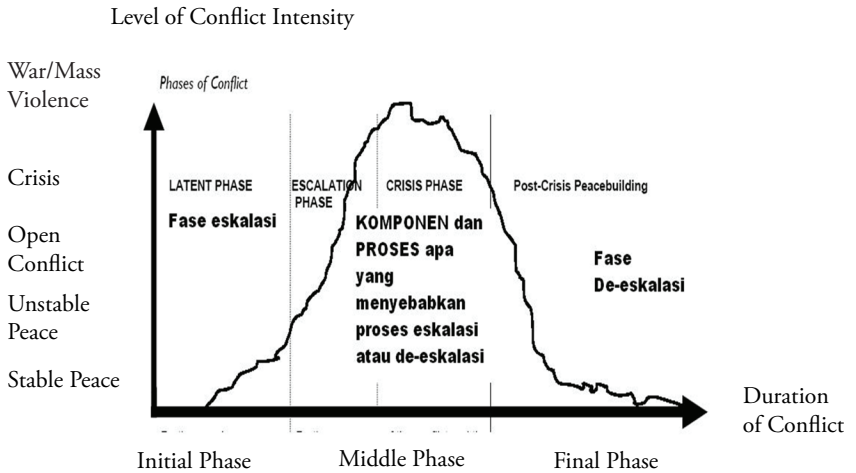
Figure 1.1 shows different phases or cycles of conflicts. These phases are categorized into dispute, crisis, limited violence, massive violence, abatement, and settlement.<sup>43</sup> Those phases are repeated in various “growth”, and the ending of the conflicts depend on what happens in the scenes.

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43 CEWS, the Center for International Studies and the Department of International Relations at the University of Southern California, 1995



Figure 1.1 Conflict Cycle in Closed Curve



To make the intervention strategies easier, understanding towards area-context is vital. By fully understanding all conflicts happened in Indonesia, areas in Indonesia can be divided into conflict-sensitive area, conflict area, and post-conflict area.

The increasing number of conflicts and violence attracts the Government Organizations' attention to draw reflective conclusion, prioritizing issues of conflicts in the next RPJMN. It was proved by issuing Law Number 7 Year 2012 on Solutions to Social Conflicts, development programs for peace in different units or special sections for handling conflicts in ministries and state institutions, local regulations (Perda) on conflict-sensitive development,

and one creating many critics is Presidential Instructions No. 2 Year 2013 on Integrated Team for Handling Internal Security Threads.

The issuing of a number of regulations concerning the above conflict issues do not change the complexity of conflict substances for the peacemakers. For them, conflicts do not focus only on just internal security safety and responses to society after natural disasters. Those regulations contain paradigmatic problems, strategies and approaches in handling conflicts. The implication is it gives more rooms for intolerance, “fire-extinguishing strategy” and not promoting social participation. It is not surprising, then, when the social and natural resources conflicts will never meet complete solution.

Areas prone to social conflicts can be defined as areas which are critical with various violence, either related to political, social, economy, cultural or natural resources issues. Most parts of Indonesia are prone to conflicts. It is indicated by ease violence in various regions in Indonesia regarding these issues, not to mention Jakarta as the capital city of Indonesia.

When there have been massive rallies in a conflict-prone region in contested areas and ended up in violence and social division based on political, economic and socio-cultural resources, the region belong to the category of conflict. In this situation, not only regular and systematic violence occur, functions of government are also paralyzed and social

values do not work. By using Conflict Early Warning System (CEWS) perspective, the region is categorized into in the phase of limited violence and massive violence. In limited violence, the differences between the groups strengthened and efforts to claim the resources are no longer carried out using peaceful means and existing formal resolution mechanism but a systematic and regular violence.

Both sides believed that violence is a legitimate mechanism to do to find solution over clashes rather than use a formal resolution mechanisms and peace. The most important thing is that despite the violence perpetrated by both sides in a systematic and regular, but using acts of violence can not be justified at all. Military force is only directed specifically against those involved in violent conflict, for example, to destroy the rebel forces but at the same time protect those still trapped in the conflict area.

Post-conflict area is the last of three categories based on the area of conflict situations. In this region, the regular, scalable and seamless violence can no longer be found but at the same time government still can not run their program normally. Violent conflicts have damaged public services and facilities used to run the programs. Social and economic life is still hobbled and socio-political segregation still occurs quite sharply between the parties previously involved in violent conflict.

In CEWS perspective, this region is categorized into abatement (reduction) and settlement phase. In abatement

phase, conflicting parties neither are in opposition nor use of violence. However, the cessation of conflict and the use of force are only temporary, and limited or massive violent conflict is likely to reoccur. At the same time, when the efforts to construct or reconstruct formal institutions of government in post-conflict areas are carried out by both parties involved the conflict, then the phase is called the execution phase.

### **Recommendation**

The approach aims to recover broken social relationships, and at the same time to address the disparity, injustice, poverty and build sustainable peace. Reconciliatory and transformative approaches respond to the issues of truth, associated with what is remembered and how to remember, justice (what can be done this time to balance the relationship), and forgiveness and peace (determining factors to initiate new relationships and strengthen each other). So the intervention model must always pay attention to the need to reunite the conflicting parties and lead to a positive change in peace.

Politics, security and development are interconnected. Conflict and insecurity will aggravate the cost of construction, loss of income and increases inequality. People in the area of conflict put safety as an essential prerequisite to start over their lives and work. Interventions in development sector which are not conflict-sensitive could contribute to corruption, predatory behavior among

elites and violent conflict. We need to make sure whether the development has a positive impact on the change in the community. Therefore, multi-sectoral cooperation at the international, national and local level using the right approach and reconciliation as well as taking local knowledge into account is very important.

Although only few women involved in formal peace treaty, but most history records that women were ones who started articulating peace. Strengthening the capacity of women's peace will accelerate the transformation of relations in the family and community. This is because women have more spirit to maintain life. Female communal characters help accelerate the transformation process to their husband and children, and so undoubtedly change the community's way of thinking.

This potential needs to be inserted into the organization to make changes to structures and cultures. UN Resolution (UNR) 1325 described more in the National Action Plan for the Protection and Empowerment of Women and Children in Conflict Solution will systematize more the role of women in development. Another important element is the provision of justice and compensation for victims of sexual violence during the conflict, so that the life of the victims can return to normal and back to work in the community.

## **V. Bridging the Gap: Pursuing Justice for Vulnerable Group**

Gap is a logical *consequence* of the economic regime that position economic growth as a paradigm, which welfare comes after the shares exits. Indonesia's development strategy from the New Order until now does not really shift much the trilogy of development, such growth, stability and equity. In the New Order, economic growth was maintained by political stability, and equity was run top down. At present, the condition is even more chaotic. Stability is maintained by procedural democracy. The economic growth is spent on high-cost basis, where bureaucracy is ineffective and unproductive. What even worse, corruption is widespread and creates more poverty to small people. Thus the inequality is an issue when how much politicians take sides on people who have elected them.

Limited space and access of the poor in the rural economy forced them to move to the cities to work in factories. That is because - one of them - the growth of the public markets as a place of their economic activity is slowing down and hypermarkets are growing. Minimart and hypermart outlets reached 254.8 percent: 2,058 stores in 2003 to 7,301 stores by 2008, while the number of public markets tends to stagnate within five years.

Although the government has tried to address those challenges through Micro, Small and Medium Enterprises (MSMEs) policy and program development MSMEs

by providing small loans for people (KUR), revolving funds, state partnership program (CSR), funding through Independent National Program for Community Empowerment (PNPM), and so on. However, these programs are still rated far from expectations. It is reflected on 79% of the poor in Indonesia have no access to formal financial services. Only 21% of people have access to formal financial services: 19% related to the bank and 2% to other formal financial services.

At the implementation level of the development of MSMEs discriminated in development strategies compared to large businesses. Therefore, the government needs to promote the development of integrated MSMEs in national development planning. This sector has a fairly large number of participants, i.e. 53 million micro businesses, 60 percent of which were women (Ministry of Cooperatives, Small and Medium Enterprises and MSMEs 2010). Many poor and vulnerable groups enter this business. The government can alleviate poverty for about 23 percent of population in Indonesia.

Deployment of MSMEs development program is spread in a number of ministries, either under Ministry of Cooperatives and SMEs, the Ministry of Social Affairs, or the Ministry of Internal Affairs, for example women's savings and loans program (SPP) granted to groups of poor women. However, the two ministries programs are not in synergy with MSME development program under the Ministry of Cooperatives and MSMEs, clearly focused

more on entrepreneurs' "capacity building".

Bad record also occurs in persons with disabilities--a marginalized and discriminated community or group of community-- in almost all of their rights as human beings and a citizen. World Health Organization (WHO) estimates that there is about 10% of the population or 23 million of them. It is a big number of citizens who do not get fair and true attention. Until now, the general perception towards persons with disabilities is "normal" and "abnormal" that amplifies the discrimination potential against persons with disabilities. Indeed, positioning them as subject in all affairs in community keep their potential away from problem solving and make them burdens for all parties.

United Nations (UN) has issued a policy of the Convention on the Rights of Persons with Disability (CRPD) in December 2006. It encourages signatory countries to ratify and implement the policy in their countries. Indonesia ratified CRPD by formally issuing Law Number 19 of 2011 in November 2011, and recorded in the pages of the Republic of Indonesia Number 107 of 2011, opening a new era for persons with disabilities around the world and carrying equal rights for them in various aspects of life.

Unfortunately, disability is not a separately discussed issue in the MDGs. It has become a cross-cutting since it was introduced. If we want to evaluate the achievements of the 2000- 2015 MDG Goals in the context of the issue of



disability is very difficult, because it is only a small part of the eight categories announced. It also depends on whether the government of each country sees the disability issue as an important concern in implementing and achieving the eight mandated categories.

Government of Indonesia, in particular tend not to include disability issues in the MDGs, but rather on implementing the policies that have been established such as the 1945 Constitution, Law Number 04 of 1997 on The Disabled (draft of replacement Act Number 19 of 2011 are still on discussion) and some of existing regulations. As a result, around 23 millions of persons with disabilities in Indonesia are really marginalized and discriminated.

In 2011 UN published a Disability Formula in the MDGs. With the remaining four years of the implementation of the MDGs, it is expected the issue of disability implemented in the form of policies and integration of the MDGs program is running along with the issue of disability since 2010 until the end of the MDGs by and post 2015.

As a group discriminated from a variety aspects of life, their existence rarely gain attention to get access to employment and self-empowerment that lead them to the inability to impoverishing economy. Productive labor force with a disability is hard to get a job even though Act Number 04 of 1997, according to the instructions of its implementation requires one with disability to 100 workers

in a company. It does not run well, though sanctions are clear and unequivocal. It is all started from the perception and awareness of policy makers in the company in recruitment of new labor.

In addition, education and employability of persons with disabilities is very low. Their access to education is difficult and complicated, not to mention the presence of training centers labor often does not equip them with enough required capabilities to the need of the job market. They are usually treated as objects to be pitied and for charity, and that is declining their position as persons who always hope for compassion of others.

Inclusive School Program is expected to meet the availability of schools for people with disabilities. However, this still takes a long problematic struggle such as: accessibility of infrastructure, availability of specialized contract teachers and funding support, inclusive in terms of actual readiness, not to mention that the school environment should also be conducive for persons with disabilities. BOS funding program, for example, generalize funding of Rp 150,000/ student / month for all students.

On the other hand, the need for a blind student is around Rp 300,000 per month, while for students with mental retardation Rp650,000 per month. The description tells how persons with disabilities are lack of education funding. It becomes a serious problem. In this case, student-teacher ratio is low and indicates inefficient resource use.

In addition, many teachers are contract teachers for many years.

Women with disabilities, in reality, even face more discrimination in terms of gender and psychology. Gender equality appears not to fight much for them. For example, in one chapter of Act 1 of 1974 on Marriage: "That men may remarry or divorce his wife if the wife is experiencing disability". This resulted in the position of women with disabilities experience multidiscrimination, in terms of expressing the rights of family, sexuality and reproductive rights.

Women with disabilities are facing multidiscrimination because they are women, persons with disabilities, and poor in terms of access to a variety of life which should be the right of the women themselves. Cited from Gender Analysis and Social Transformation, by the late Mansour Fakih, gender differences actually do not matter as long as they do not bring out gender inequalities. The problem is gender differences turn out to injustice, for both men and women. Gender inequality is manifested in various forms of injustice, marginalization or economic impoverishment, subordination or the presumption of important political decisions, the formation of negative stereotype violence, overload and overtime work, as well as raising awareness on gender-role value.

In relation to gender issues, government and society treatment and assumption towards women with disabilities

are still gender bias. This means that the competence of women with disabilities is still low compared to men with disabilities. It shows the subordination and marginalization against women with disabilities as written in the publication of Economic Social Commission for Asia Pacific (ESCAP): "Among women, women with disabilities are seen as inferior (lower), and so are persons with disabilities especially men (Women and Girls with Disabilities in the Asian and Pacific Region, ESCAP, 1995).

Moreover, babies born with disabilities are considered disastrous for the family. Label of being disastrous was created from the perception that disability is a sin. It is a curse of misconduct and becomes a long conflict for families. Families are rarely able to recognize children born with a disability as part of the family members. The children are often unwanted and abandoned for their condition. Those who are not psychologically ready for giving birth to these babies often mistreat and do not care for after them at all and, even worse, cause death to them.

Inequalities also occur in access to education for female. In general, access for women and girls to education are less than male. It is shown by the number of girls and boys who successfully complete primary education. The number of girls who completed primary school education (SD) is equal to the number of boys who successfully complete the same level.

On the other side, the number of girls who graduated

from Junior Secondary School (JSS) is less than the number of boys graduated from JSS. This phenomenon continues at the senior high school. The gap between girls and boys graduated from JSS and senior high schools in rural areas is even wider compared those living in urban areas. This shows gender inequality (gap) in access to education. It leads to the higher the education level, the greater the gender disparity in the level.

Access to improve the quality of teachers also shows a disparity between teachers' opportunities in rural and urban areas. Teachers in urban areas have more opportunity to improve the quality of education than teachers in rural areas. Inequality is increasing as the government imposed the teacher certification program. Teachers in urban areas more easily meet the qualifications required by the program than those living in rural areas. Female teachers in rural areas and in primary school do not have an equal chance to improve their own quality as teachers or even participate in teacher certification program.

Similarly, female outnumber male in terms of illiteracy. In rural areas, the number of illiterate women is almost three times higher than the number of men. While in urban areas, the difference is less. Then, the number of women who are not proficient in communicating in Bahasa Indonesia is greater than the number of men. Compared to urban community for both men and women, the rural ones are less proficient in Bahasa Indonesia compared to the population in urban areas.

Female access to natural resources, especially access to land-owning, is also smaller than males. It is primarily due to the recognition of their role in the family according to the religion, culture and legislation. Standardization of the role of men as heads of family and breadwinners became the basis for the granting of land-owning rights to men. Women have less and even no rights at all for land as they are always positioned dependants to men.

In indigenous communities, land-owning rights for women are not recognized. This is proven by the reality that all communal land rights are the property of the men in the community. In addition, the state has a major role in the abandonment of land rights for women. It can be seen from land titling in land governance policies, for instance certification program for transmigrants is only on behalf of the head of family.

Women's access to sources of capital to businesses from banks is also less than men. This happens because women do not have enough assets for collateral / collateral to obtain capital loans from banks. Besides standard procedures that must be met in order to obtain credit is not friendly to women because of the complexity of the requirements that women must fulfill.

Female access to capital for farming is far less than the access to capital for small industry. The amount of money borrowed by female farmers for farming does not comply with the financial needs for agriculture. In addition, the

installment for agricultural credit is the same as small industry, which is on a monthly basis rather than on harvest-time basis, resulting in female farmers trapped in debt practices to cover previous ones.

In terms of education for children, the Government of Indonesia (GoI) has issued minimum service standards (MSS) in education as an effort to improve services and access to education across the country. In fact, it shows that 88.8 percent of schools in Indonesia from primary to high school/vocational school have not passed the quality of the MSS. Based on existing data, 40.31 percent of the 201,557 schools in Indonesia is below the MSS, 48.89 percent at the position of MSS, only 10.15 percent meet the national education standards (NES), and 0.65 percent becoming pioneers for international schools.<sup>44</sup> Local government in South Sulawesi is not ready to meet MSS of basic education.<sup>45</sup> The emerging of MSS on education by the GoI when issues on secondary school capacity has not been resolved properly further, clarifying the facts that there are children who have to walk farther than standardized by MSS. Children and families even choose a school further away instead than the nearest school that meets the mileage required by MSS considering the quality education of school services.

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44 Quoted from <http://balitbangnovda.sumselprov.go.id/berita/129>, news on August 13, 2012

45 Delivered in National Seminar within agenda of Fajar Institute Pro-Otonomi (Fipo) at Sahid Hotel, Makassar, Saturday (30/6/2012)

The ultimate goal of education can refer to the full realization of human beings so that the goal of education is more concerned with the tasks to examine the potential of human beings and create projects that help people actualize their full potential.<sup>46</sup> Incapability of junior high schools and the next grades to accommodate more students followed by more problems on marginalizing children in remote areas, children from poor families and children with other kinds of potentials and intelligences.

There should not be any competition in accessing education. Education is the right of children. Those responsible in fulfilling access to education should not create competition in accessing education. The positive thing was initiated by the GoI through a policy of under-one-roof primary and secondary school and implemented in several regions in Indonesia. That way all children who have completed 6th grade of basic education can fit entirely in an equivalent grade 7. This policy is suitable to be implemented in Indonesia, particularly in remote areas that high level of difficulty to access education. It helps eliminate efforts of diverse levies.

### **Recommendation:**

Social welfare through MSMEs:

- 1) The State shall promote the development of MSMEs integrated in national development planning system as

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<sup>46</sup> Quoted from Koesoema, Doni. 2010. Pendidikan Berkarakter. Jakarta: Grasindo



one of the solutions for poverty alleviation.

- 2) The State shall promote the growth and development of cooperative institutions because the institutions can act as a small microfinance, capacity building, market access, etc. In addition, cooperatives are owned by all members of the institution, so many people have a great opportunity.
- 3) In terms of capital assistance program, the government should review the policies related to capital facilitation through MSMEs, such as the need for simplifying bureaucratic procedures and the distribution of capital in the business.
- 4) Government needs to provide capacity-building program for businesses that have received revolving fund, such as mentoring aspects ranging from production training, business management, venture capital sources of information, to the creation of market access. To implement it, the government should be in partnership with stakeholders (cooperatives, banks, NGOs, students, companies, etc.).
- 5) Poverty reduction programs need to impose quotas of women in participation, access, and control decision-making related to business development programs.
- 6) Countries need to activate the role of existing institutions, both local and national TKPK as the authorized agency to coordinate national and regional integration.

### The Disabilities:

1. The ratio of disabled labor. Policy on allocating 1 percent of the disabled is not run well, except in foreign company. Ratio of availability of employment for persons with disabilities should be proportional considering their number has reached 10 percent of the total population of Indonesia.
2. Facilities and infrastructure are accessible according to CRPD already mandated in the Act.
3. Participation in the elections. Persons with disabilities have political rights, including access to devices and related supports for the elections, representation in state institutions and the right as a citizen to be a leader at any level in accordance with the expectations of persons with disabilities. Eliminate terms as follow: “physically and mentally” healthy or “normal and abnormal”.
4. Integration in society. Equality for persons with disabilities that ends in harmony, dynamic, respectful and accepting within integrated society.

### Gender Equality and Justice:

1. Poverty reduction and sustainable development can be realized when gender equality and justice is abolished. Therefore, the vision, principles and development agenda after the 2015 MDG should integrate gender mainstreaming, including equality of access, participation, control and development benefits for

both men and women.

2. Full and genuine participation of women in development and efforts to achieve gender equality and substantive justice will be realized when women empowerment programs are manifested, including Temporary Special Measurement.
3. Empowerment of women can only reach meaningful results when all conditions and situations that lead to the vulnerability of women against all acts of violence are eliminated. Violations of human rights will only be achieved if women have the knowledge and information, and critical awareness of their rights. It is necessary to educate women about human rights and gender justice, and increase women's leadership for women to articulate and defend the interests.
4. Accurate gender disaggregated data, and skills of development planners to use such data in the formulation of development plans and budgets need to be increased.

Access to Education:

1. Development in education in the next years to come should focus more on full human self-realization so that the goal of education is concerned more with the tasks to examine the potential in human beings and create projects that help people realize their full potential. All children should experience the goal with

all the facilities and infrastructure with no exception. It is actually state mandatory.

2. Related to Post-2015 development agenda, it is necessary to place priority on access to quality educational services equitably across the country for all children, especially those who are at risk of being marginalized by the development on education without having difficulties in education funding.
3. Issue of access to education services will be resolved when the state organizes educational development that increases educational service operation and aligns educational goals in order to help people realize their potential in full, including the development of all children's potential and intelligence.

## **VI. Development Financing: Multiplying Budget Allocation for Vulnerable Group**

Development financing is one of the topics for the heated debate in the dynamics of global development. This is because poverty eradication, improvement of the quality of health, access to education, infrastructure development and other need huge and sustainable financing. It is impossible for the poor countries to finance their own development because they have very small national revenue. For this reason, development financing is the responsibility of many actors, either the state or the not state. However in the development there is always battle of interest between the developed and developing/poor countries

as well as the multinational corporations related to roles and responsibilities to be shouldered for the financing of development in developing and poor countries.

Ideally, every person should be the subject and object of development. However, this is very difficult to be realized. If the relation to being the subject and object of the development at the same time, then the opportunity for every individual to earn, to socialize and to participate in the government activities will be open widely. This condition only if we see the development as a step to liberation as Amartya Sen once said. Unfortunately, such ideal is still difficult to implement. There are still many practices of development which are even the medium of the exploitation of men by men.

The post-2015 Development agenda needs to be based on the aspiration of the developing and poor countries. As we all know, the MDGs is currently based on the following formula; ODA plus mobilization of domestic resources, plus good governance will be the pillar and instrument for the achievement of the MDGs. In such formula, it is agreed that the ODA contribution will be USD 100 billion per year. The domestic resources mobilization means the higher level of tax to be allocated to the budget for the achievement of the MDGs targets. Such assumption is in fact not working, either because of the disobedience or misinterpretation of the MDGs to be simplified into the

fund from developed countries (*MDGs = donorizing and dolarizing*) (Vandermortele, 2012)

Such formula seems to be not compatible to the post-2015 development agenda because of several facts; (a) The ODA can not be the only source because the amount is not significant especially for middle level countries such as Indonesia, Brazil and others. (b) Other source such as tax is more significant from now on to 5-10 years to come. (c) Besides tax, the other increasing number of revenue is the remittance of the migrant workers, either for developing or poor countries (Greenhill and Prizzon, 2012)

The assistance for development financing should use the value and principle of “financing development based on human rights” which means that the development assistance could not be used to support and finance practices that violate human rights. Instead it should be used for the fulfillment of basic human rights such as food, education and health, both for women and men in a comprehensive way.

Such principle should be the basis for the actors of development financing in disbursing money and expertise in various countries. If there is no such strong principle, the development assistance will be misused, such as by way of corruption or being used to repress their population in the name of development.

Development assistance should also be used as a means to uphold dignity and identity (either individually

or collectively), so that the existing assistance be spent to finance the realization of human rights protection, social security and social justice as well as to combat social exclusion and discrimination.

What is also very important is how to make the assistance will really reflect the efforts to improve just relationship between the North and the South, namely by correcting past mistakes in terms of institution and practices that harmed the poor and developing countries, such as by revising the international taxation regime. It is also important to implement principles of aid effectiveness and accountability, that the assistance of development financing should be effectively spent on the principle of Paris Declaration and Busan Partnership. The processes of planning, implementation and monitoring should be based on the needs and capability of the poor and developing countries.

Table 1: Basic Principles of the Effectiveness of Development Assistance

<b>Monterrey Consensus</b>	<b>Paris Declaration</b>	<b>Busan Partnership</b>
1) Mobilizing domestic resources; 2) Attracting international flows; 3) Promoting international trade as an engine for development; 4) Increasing international financial and technical cooperation for development;	1) Ownership: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions 2) Alignment: Donors base on partner countries' national development strategies, institutions and procedures;	1) Ownership of development priorities by developing countries; 2) Focus on results (impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries' capacities) 3) Inclusive development partnerships;



Monterrey Consensus	Paris Declaration	Busan Partnership
5) Sustainable debt financing and external debt relief; and	3) Harmonisation: Donors' actions are more harmonized, transparent and collectively effective;	4) Transparency and accountability to each other.
6) Enhancing the coherence and consistency of the international monetary, financial and trading systems.	4) Managing for Results; 5) Mutual Accountability.	

(Source: OECD, UN, Open Forum, Better Aid etc., 2012)

### **Principles of development assistance:**

- Respect and fulfill the global commitment related to development financing:

Developed countries (DAC-OECD members) should meet the target amount of ODA (official development assistance) of 0.7 percent of the total GNI to encourage the achievement of the MDGs. For countries that do not comply, the budget for development assistance

should rise continuously so that by 2015 it reaches the target.

- Allocate funds for development assistance to reduce poverty and fulfillment of public goods (public goods):  
Development assistance funds should be allocated for earmark for poverty reduction and the fulfillment of public goods (water, energy, etc.)
- Allocate funds to the CSO's:  
Development aid should be earmark for civil society groups. Support to the CSO's should be the principle, because the CSO's are significant development actors.

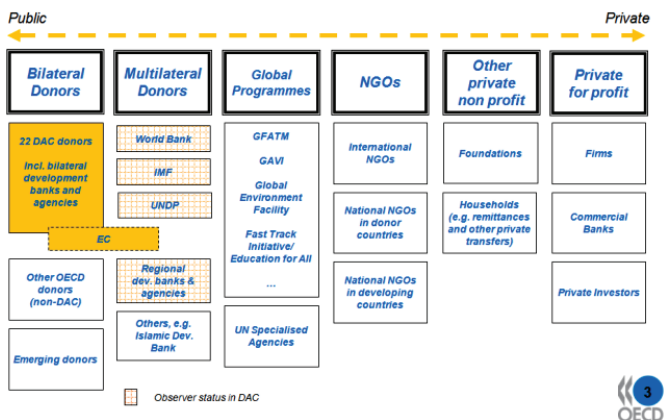
With these principles as above, it is expected that the assistance of development fund will significantly help poor and developing countries out of the 'trap' of poverty and backwardness of education and information.

In general, the sources of development financing include: domestic and foreign financing. Domestic financing is taken from public, corporate and government (tax and non-tax revenues). In the international development financing system, foreign financing include: assistance (ODA, donations from private foundations and non-profit funding from international NGOs), foreign investment, international trade, foreign debt, debt cancellation and remittance.

What important to be underlined are; (a) development assistance not always in form of money. It can also be in form

technical assistance such as skills and human resources. (b) Development assistance is not only in the scheme of grant, it can also be in form of loan with interests to be paid.

Table 2: International Development Financing System



(Source: Katseli & Carey, OECD)

The scheme of the development assistance, especially the bilateral grant (ODA) and multilateral has resulted in criticism from various parties. This is because of the “double standard” approach being implemented by the developed countries in giving their assistance. On the one hand, development assistance is an expression of humanitarian solidarity. On the other hand it is functioned as a mean to get a friend for the purpose of defeating the political opponents. It is important to note however, that development assistance also enjoys praise from many

parties.<sup>47</sup>

One of the important preconditions to achieve MDGs targets is the contribution of the developed countries in providing development assistance (ODA) for the developing and poor countries.

There has actually been various global agreement and commitment to ensure the effectiveness of development assistance. They are the Monterrey Consensus (2002), Roma Declaration (2003), Paris Declaration on Aid Effectiveness (2005), Doha Declaration (2008), and Busan Partnership for Effective Development Cooperation (2011).

Monterrey Consensus emphasizes that effective development cooperation among developed countries as creditors/donor and developing countries as partners who receive the assistance need to be increased. Monterrey Consensus and Doha Declaration also require developed countries to keep allocating their ODA for the developing countries for as much as 0,7percent of their total GNI (Gross National Income) by 2015 at the latest, and 0.5 percent by the year of 2010. Besides, they have to also earmark 0.15 – 0.20 percent to be allocated specifically for the less developed countries (LDCs).

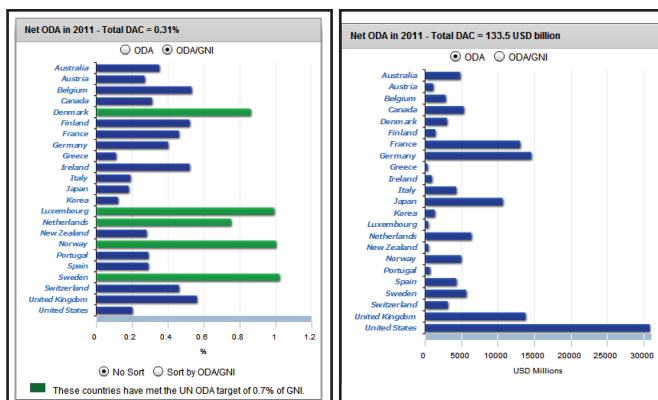
The report of the Development Assistance Committee (DAC) OECD shows that the total amount of ODA of the

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<sup>47</sup> Bahagijo, S., Hoelman M.B., et al. (2012). Satu Dekade Bantuan Pembangunan dan Peran Kelompok-Kelompok Masyarakat Sipil di Indonesia, Yayasan TIFA, Jakarta, July.

DAC is only 0.31 percent per/GNI (2011). There are only 5 countries (Denmark, Luxembourg, The Netherlands, Norway and Sweden) which have total ODA of more than 0.7 percent per/GNI. The low ODA level shows that the commitment of the developed countries in their contribution to international development is also very low. Although majority of European and the United States have been in crisis for the last three years, it could not justify their act, because ODA is based on the percentage of their GNI, not the fixed nominal amount.

Graphic 1: Percentage of the ODA amount in 2011



Source: DAC-OECD, 2012

In the report of the United Nations High Level Debate on Financing for Development (December 2011), almost all panelists agreed that the ODA and the Foreign Direct Investment (FDI) have failed to effectively tackle growing inequality. Anwarul K Chowdhury the UN Ambassador

for the Poor Countries and the Islands said that the biggest problem in managing the ODA and FDI is that the money flowing to developing countries do not stay there longer, because then they will be reinvested in developed countries. The criticism from various parties related to development assistance has been seriously responded by Jeffrey Sachs who said that the criticism on development assistance as something wrong. He based his arguments on the data that shows that the mortality rate in many poor countries drops significantly and that the development assistance on health program has contributed to that achievement. There were about 12 millions children died in 1990. In 2010, the rate dropped to 7.6 millions. It is still high, but the achievement is good enough, aid works it saves lives.<sup>48</sup>

In a simple way, the main point is that the official number of the development assistance is not yet in accordance to international consensus. The management of official development assistance is not yet transparent and accountable, and seriously considers the need of the recipient countries, so that it is not very effective in addressing the problems of the people in poor and developing countries. Apart from the debate above, official development assistance has been in place for the last 6 decades with praises and criticisms here and there.

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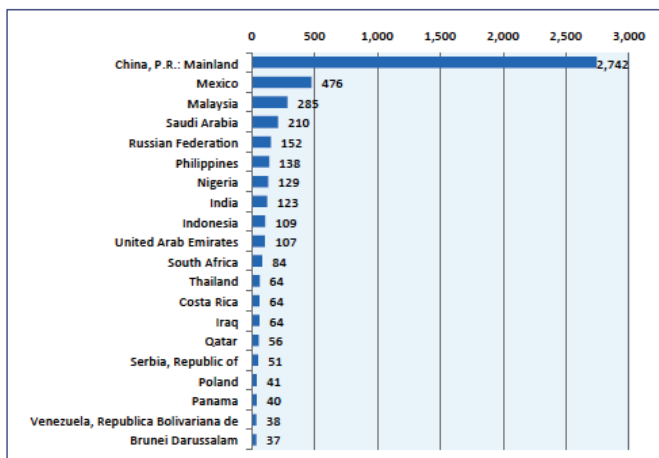
48 Sachs, Jeffrey. (2012). *Aid Works*, Project Syndicate New York, May 12.

Tax has been one of the most heated issues in the debates on policies in many countries so that tax has been a transnational issue. This is related to the fact that the function of tax as the main revenue of the state to run the government, especially in government financing. However, there is often a dilemma in tax system. On one hand it is the most sustainable state revenue. On the other hand, tax system often faces political pressure, as well as the high level of tax evading in domestic and international levels.

Transnational tax evading through the practice of transfer pricing has been the main contributor to illicit financial flows from poor and developing countries to developed countries. Transfer pricing is a way of avoiding tax in colossal and global way among similar transnational corporations or between some divisions in a business group by way of making good or service transaction with irrational price. As an example is the way Coca-Cola Company in the United States buys good or service from another Coca-Cola Company in France with irrational price for particular purposes (*Tax Justice Network/TJN, 2012*).

Illicit capital flows is a dirty business practices, an informal economy with a jurisdiction that facilitate the practices of runaway tax, as exemplified by the existence of many countries categorized as tax havens (Fuest dan Riedel, 2012). The figure below is the list of 20 countries with highest rate of illicit capital flow in the world.

**Chart 1: 20 States with Highest Flow of Ill-gotten Money  
Period 2001-2010 (US\$ Billion)**

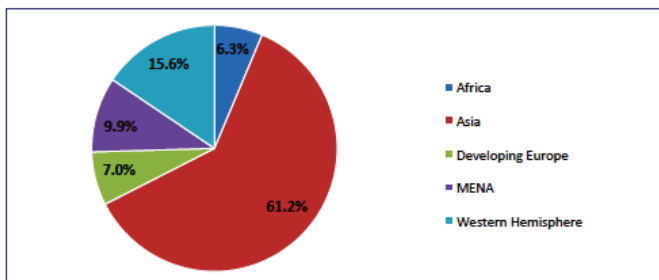


Source: GFI, 2012.

The regional spread of the practices of *illicit financial flows* from the developing countries are as follows: Asian region (61 percent), Western Hemisphere region (15 percent), Middle East and Northern Africa/MENA region (10 percent), European region (7 percent), Sub-Sahara African (6 percent). From that level of percentage, it can be seen that Asia is the most fertile region for such illicit practices.



**Chart 2:** Spread of Flow of Illicit Money in different Regions (GFI, 2012)



1/ Based on cumulative outflows from the region as a share of total illicit outflows from developing countries, where illicit outflows are based estimated on the HMN+GER non-normalized methodology.

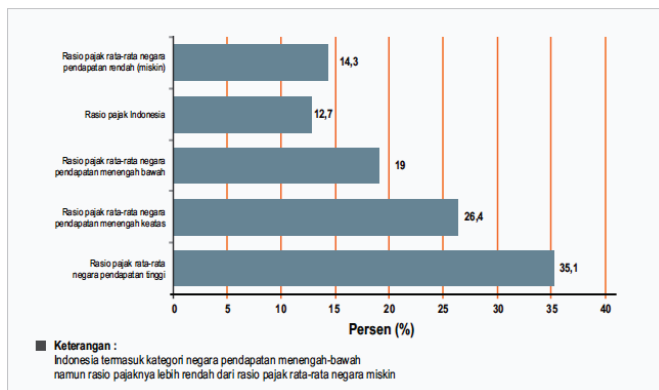
The problem of tax in Indonesia is no less complicated than in the international level. The working paper of the Independence Budget Commission (2012) and Prakarsa Policy Review (2012) are able to identify some of basic tax problem in Indonesia:

*The first, tax ratio* (per-GDP) of Indonesia for the last five years never reach the rate of 14 percent. In 2007 the rate is 12.4 percent, in 2008 is 13.3 percent, in 2009 is 11.0 percent, in 2010 is 11.3 percent, in 2011 is 11.8 percent, and in 2012 is 12.7 percent. The rate in 2013 is projected to reach 12.8 percent (Kemenkeu, 2012).

As compared to other lower middle income countries, tax ratio of Indonesia is very low. Even there is a poor country whose tax ratio is in the level of 14.3 percent. The low level of tax ratio shows that the government performance in

getting tax is not optimal. It also shows that there is no expansion of tax base and that the awareness of the people to pay tax is still low.<sup>49</sup>

**Chart 3: Tax Ratio of Indonesia vs Poor Countries**



Source: IMF, 2011; APBN 2012, Prakarsa Policy Preview, 2012.

Secondly, the source of tax revenue still does not reflect the principle of justice. Tax revenue structure in the realization of the State Revenue and Expenditure Budget (APBN) 2010 show that the Income Tax (PPh) of Article 21 (Income Tax officials / employees) reached Rp 55.3 trillion (18.6 percent of total tax revenue) and Income Tax Article 25/29 for Private (non employee/employees) is

<sup>49</sup> Budiantoro, Setyo & Prastowo, J. (2012). Rasio Pajak Rendah Utang Makin Menumpuk: Rasio Pajak Negara Miskin Lebih Tinggi dari Indonesia, Prakarsa Policy Review, Edisi #2, Prakarsa Jakarta.

only USD 3.6 trillion (1.2 percent of total tax revenue). It certainly is not fair because the individual entrepreneur who should be in the category of wealthy individuals, does not give significant contribution. Here we can conclude the least amount of individual entrepreneurs registered as tax payers influence the level of tax revenue.<sup>50</sup>

Third, the high level of practice of illicit financial flows from Indonesia thus eliminating the potential tax revenue. In Indonesia, the practice of transfer pricing that often occurs is to make Indonesia as the center of the cost (cost center), the use of tax havens country on behalf of international financial secrecy regime (financial secrecy), as a way of controlling the business and to park the profit through sub-debt mechanism (through subsidiary loan in tax haven country), and treaty shopping (misuse of double taxation avoidance treaties/tax treaty) that gives disadvantage to Indonesia.<sup>51</sup>

In order to encourage self-reliance and less dependent on foreign investment and aid, the increase in domestic savings and increased revenues should be improved continuously. On the other hand, the effectiveness of government spending should also be stressed, so that development spending will have bigger volume than the expenditure of the government employees. Thus, the Indonesian government will be able to provide financing to

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50    *ibid*

51    *ibid*

the development actors in the country, including the civil society groups.

The transnational non-governmental organizations, such as CARE, Oxfam, Médecins Sans Frontières and Save the Children, manage their annual budget of more than U.S. \$ 500 million and distribute it widely exceed the coverage area produced by the United Nations.<sup>52</sup>

In the future, philanthropic activities will increase and play an important role in helping developing countries. Besides, what also important is the remittances, funds brought in by migrant workers from other countries to their countries of origin. The trend keeps increasing and that it has very significant impact on poverty reduction in poor and developing countries (van der Mensbrugghe, 2009). From 2000 - 2010 the volume of remittances increased more than 3 times, from U.S. \$ 132 billion (2000) to U.S. \$ 440 billion.<sup>53</sup>

*Development financing needs big budget. If we look at the research of Bapennas on the financing of the MDGs for education, health, clean water and sanitation, Indonesia needs Rp. 1,275 trillion (US\$ 141 billion). The amount is very*

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52 Desai, Raj M. & Kharas, H. (2010), Democratizing Foreign Aid: Online Philanthropy and International Development Assistance, "Journal International Law and Politics", The Institute for International Law and Justice (IILJ) - New York University School of Law.

53 van der Mensbrugghe, D. & Roland-Holst D. (2009). Global Economic Prospects for Increasing Developing Country Migration into Developed Countries, Human Development Research Paper 2009/50, UNDP Research Paper, October.

big, but if there is no problem with tax, then such amount of budget could be provided by the state.

### **Recommendation**

From the explanation and findings above, this section recommends a few things that should be used as the foundation act at global and domestic levels related to changes in the financing system development.

#### **To the Donor Countries and Institution:**

- a. Urge the developed countries to commit to the *Monterrey Consensus and Doha Declaration related to the target of the ODA* (the 0.7 percent of GNI) and to earmark 0.15–0.20 percent to be allocated to *less developed countries by the end of 2015*
- b. Urge developed countries that already have 0.7 GNI of their ODA to increase it to up to 1 percent of their GNI (2020) and give special attention to the *middle income countries to improve their capacity*.
- c. Close the tax havens globally without any exception and to urge developed countries to fight for this issue be approved in every international forums (G-20, UN, OECD, APEC, ASEAN, and others);
- d. Apply Tobin Tax (the tax for the foreign exchange transaction) for as much as 0.50 percent – 1 percent in every transaction;
- e. Declare global “war” against the practices of *illicit financial flows by enforcing law against the practices*

*of transfer pricing* done by many multinational corporations.

**To the Government of Indonesia:**

- a. Increase the tax revenue and the tax ratio of the *lower middle income country as much as 20 – 24 percent* of their GDP. This way, Indonesia will be capable to finance its development without depending on debt and the ODA;
- b. Increase the number of the rich individual taxpayers and the personal or employee taxpayers to 50 million taxpayers in the next two years;
- c. Provide the non-taxable income incentive for the *woman headed household*, non-productive age workers and the disable;
- d. Increase the *tax bracket* from the income tax tariff of 30 percent for those with income of more than Rp. 500 million per year, 35 percent for those with yearly income from Rp 2 billion to Rp 5 billion, and 45 percent for those with income above Rp. 5 billion per year.
- e. Abolish the Minister of Finance Regulation (PMK) No. 130/PMK.011/2011 on *PMK-Tax Holiday*;
- f. Take firm action against tax administrators, employees and officers who commit corruption and do bribery in the taxation.

- g. Provide a scheme for development financing to NGOs, such as to provide allocation to the legal aid institutions, women's organizations, environmental organizations and anti corruption and anti discriminations organization.

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